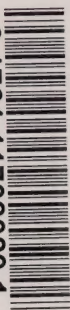


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# Report of the Committee on ELECTION EXPENSES

DEPARTMENT OF URBAN & REGIONAL PLANNING

UNIVERSITY OF TORONTO

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CANADA

# REPORT OF THE COMMITTEE ON ELECTION EXPENSES

1966

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1966





## COMMITTEE ON ELECTION EXPENSES

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DR. NORMAN WARD

THE HONOURABLE JUDY LAMARSH, P.C., M.P.  
*Secretary of State of Canada,  
House of Commons, Ottawa.*

MADAM, We, the undersigned, members of the Committee appointed on October 27, 1964, to advise on the limitation and the control of election expenses in Canada, have the honour to submit the following Report.

*Alphonse Barbeau*

*Chairman*

*M. J. Coldwell*

*Gordon R. Dryden*

*Arthur R. Smith*

*Norman Ward*

October 1966



## ACKNOWLEDGMENTS

Many pages would be needed to list and express our gratitude to all who, by their willing and unselfish help, have made the preparation of this Report possible, including those mentioned in Chapter 1, who gave long hours to research and discussion with us of the problem of political finance, and the many public-spirited citizens who sent us information, opinions, suggestions and advice. But it would be unseemly to write this without specific acknowledgment of the unstinting cooperation received from the Chief Electoral Officer and his aides, and the Canadian Broadcasting Corporation and the Board of Broadcast Governors.

The administrative, financial, and personnel services of the Department of the Secretary of State cheerfully solved the many day-to-day problems which confronted the Committee and its staff. We are also grateful to Superintendent Henriot Mayer and Mr. Maurice Roy, of the Translation Bureau. We must also thank Mr. Norman Lafrance of the Economic Council who helped to see the Report through the printing stage.

Finally, we must express our grateful appreciation of the work of our Research, Editorial, and Administrative staff listed below. Some have been with us almost throughout the entire period of our work, others for shorter periods; but all have worked loyally and given of their best, often putting in long hours of overtime to complete this Report.

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# Part I

REPORT OF THE COMMITTEE  
ON ELECTION EXPENSES





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# 1

## THE COMMITTEE AND ITS ACTIVITIES

### I. ESTABLISHMENT OF THE COMMITTEE

On February 18th, 1964, in the Speech from the Throne, the federal government announced its intention of establishing a committee of inquiry "to advise on the best practicable way to set enforceable limits to expenditures in election campaigns."<sup>1</sup> On October 27, 1964, the then Secretary of State, Hon. Maurice Lamontagne, formally announced the establishment and composition of an Advisory Committee to Study Curtailment of Election Expenditures, "a small group of men with practical experience and expert knowledge." The Minister, in outlining the terms of reference of the Committee, stated that it would "inquire into and report upon the desirable and practical measures to limit and control federal election expenditures." The Minister also commented: "These terms of reference are general, and we expect that the committee will give them a broad interpretation." To clarify the nature of the task set the Committee, the Secretary of State prefaced his statement by observing that election expenditures constituted, "a complex problem which affects the very basis of our democratic system"; and that the problem "has become particularly important these last few years due to the increase of communication media, especially since the advent of television." The Minister also noted that the specific task of the Committee would be "to make a study of the problem of rising election expenses and make recommendations in the light of our own Canadian requirements and of the experience of other countries."<sup>2</sup> The investigations of the Committee on Election Expenses have been conducted within these guidelines suggested at the time of its establishment.

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<sup>1</sup> Canada, *House of Commons Debates*, Feb. 18, 1964, p. 2.

<sup>2</sup> All references are to Canada, *House of Commons Debates*, October 27, 1964, p. 9457.



The members of the Committee appointed at the time of its establishment were: Mr. François NOBERT, (Trois-Rivières), a lawyer, and Chairman of the Committee; Hon. M. J. COLDWELL, P.C., LL.D. (Ottawa), former national Leader of the Cooperative Commonwealth Federation; Mr. Gordon R. DRYDEN, (Toronto), a lawyer, and Secretary-Treasurer of the Liberal Federation of Canada; Mr. Arthur R. SMITH, D.F.C., (Calgary), a businessman, and former Progressive Conservative Member of the House of Commons; and Dr. Norman WARD, (Saskatoon), an author, and Professor of Political Science at the University of Saskatchewan. The prolonged illness and subsequent death of Mr. François Nobert deprived the Committee of an able and knowledgeable Chairman at the outset, and delayed the initiation of its investigations until the appointment of Mr. Alphonse BARBEAU, (Montreal), a lawyer, as Chairman, in January 1965. Under its new Chairman, the Committee held its first meeting in Ottawa on January 30th, 1965.

## II. INITIAL INVESTIGATIONS OF THE COMMITTEE

Although its members were originally selected for their knowledge and experience of election expenses, the Committee began by briefing itself as fully as possible on the situation as it currently existed in Canada. The members also considered some of the preliminary questions involved in investigation and several factors quickly became evident. The Committee early noted the general lack of information or literature on election expenses in Canada, and concluded that the Committee would itself have to establish the facts before it could assess the problems of election financing. The Committee also learned that the control of election expenses involved questions concerning the raising of election funds, as well as their expenditure. At an early meeting the Committee agreed with Mr. Goldwell that: "It is also the duty of the Committee to investigate how political funds are raised in Canada, the existing techniques and conditions under which funds are collected, and how they are spent."<sup>3</sup>

The Committee also encountered practical problems which affected the direction of its inquiries. In the first place, it appeared that the Committee would experience difficulty gaining frank expressions of opinion from interested individuals and groups in the context of public hearings. In the second place the Committee, as an advisory body, did not have the right to subpoena witnesses or records. For these reasons, the Committee felt that both facts and opinions on election expenses could be gained only with the active cooperation of parties, politicians and fund raisers. The Committee discovered that such cooperation could best be gained if the Committee requested private interviews with as many as possible of the individuals involved. While not ignoring the public hearing as a mode of obtaining expressions of opinion, the Committee used direct and personal

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<sup>3</sup> The Committee on Election Expenses, *Minutes of Meeting*, Feb. 6, 1965.

contact whenever feasible. The validity of this approach was fortified by the conviction, shared by all Committee members, that the function of the inquiry was not "muckraking". The goal of the Committee's inquiry has at all times been improvement for the future, not delving into the past for the purpose of assigning praise or blame, or making sensational disclosures.

The Committee's inquiry therefore proceeded along three paths:

1. The factual situation in Canada had to be explored if the problems of election financing were to be considered in the light of the Canadian past, and the magnitude of campaign costs in the present. Information on raising and spending campaign funds had to be acquired if realistic recommendations were to be made. Here the Committee's investigations included:

- (a) Private conversations with politicians, party officials and fund raisers, at both federal and provincial levels.
- (b) Examination of the financial records of candidates and parties whenever these were available to the Committee.
- (c) Examination of the history of attempts to regulate election expenses at federal and provincial levels.
- (d) Special studies of the effect of the use of mass media, especially broadcasting and newspapers, on the cost of election campaigns.

2. The Committee recognized that the experience of other nations with similar problems in comparable contexts would be of great value in the formulation of realistic recommendations. The Committee therefore decided:

- (a) To examine the available published material dealing with the problems of other countries, and the solutions devised.
- (b) To visit seven of these countries to seek out opinions and advice which could aid in the formulation of recommendations for Canada. The countries selected were: United Kingdom, France, West Germany, Norway, Sweden, the United States and Puerto Rico. These countries were singled out by the Committee because they had either conducted official investigations into election financing, or had adopted systems of control which might serve as models for Canada. The opinions and advice of electoral officials, party officers, candidates and scholars were sought by the Committee, and the information acquired directed the Committee's attention both to what has been successful, and what had failed, elsewhere.

3. The Committee realized that its recommendations must take into account the opinions both of electors and interested groups in the nation, as well as those of politicians and party workers most immediately affected by current problems of financing federal elections.

The Committee therefore arranged:

- (a) To hold public hearings across Canada, in the hope that members of the public, and interested organizations, would be encouraged to come forward and express their opinions.
- (b) To elicit expressions of opinion from candidates, party officers and fund raisers in a more confidential setting.

- (c) To go directly to the electors to gain their opinions, by means of questions included in a public opinion survey directed at a scientifically selected sample of people across the nation.
- (d) To request briefs from public bodies and organizations.
- (e) To request briefs or opinions from each daily and weekly newspaper in Canada.

### III. THE CONTINUING INVESTIGATIONS OF THE COMMITTEE

A group of competent officials and researchers was required to assist the Committee. In February 1965, Mr. John S. McEACHRAN, (Sarnia), a lawyer, was appointed Co-Secretary of the Committee. Mr. Raoul BARBE, (Ottawa), a lawyer and Assistant Professor in the Faculty of Law at the University of Ottawa, was appointed Co-Secretary in March of the same year. Dr. K. Z. PALTIEL, (Ottawa), Associate Professor of Political Science at Carleton University, Ottawa, was appointed Research Director in April 1965. Under the supervision of the Co-Secretaries and the direction of Professor Paltiel, a small research staff was set to work examining the historical record in Canada, and preparing briefing papers to assist the Committee members in their examination of provincial practices in Canada, and of practices in the countries selected for special study.

#### *A. Canada: The Federal Scene*

The Committee, aware that those most affected by the problems of financing elections are the nation's elected representatives, made several attempts to solicit opinions from Members of the House of Commons and Senate. (Senators were included because many were candidates and elected representatives before appointment to the Upper Chamber). The Committee sent letters to all members of both Houses of the 26th Parliament, requesting them to submit their opinions on election expenses, and to make suggestions which could be helpful to the Committee. In response to the Committee's original request, forty-seven Members of the House of Commons and six Senators wrote to the Committee, offering for its consideration many useful and relevant suggestions for electoral reform. In addition, fourteen Members of the House of Commons and four Senators agreed to private interviews with members of the Committee, at which they not only offered opinions and made useful suggestions, but also provided much information.

When an election was called for November 8, 1965, the Committee realized that an ideal opportunity had presented itself for the examination of the scope of the problem of financing a federal election, particularly since the Committee could determine more precisely the opinions of all candidates, and not just elected members. The Committee consequently sent letters to all candidates following the 1965 election, asking them to complete a question-



naire which included financial details of their campaign, and a series of questions concerning various modes of limiting campaign costs and controlling election expenses. In response, 454 candidates, or 44.9% of those polled, returned completed questionnaires.

The Committee also took advantage of the 1965 election to request the cooperation of all federal political parties, through their leaders and officials, in supplying information on the financial aspects of their individual campaigns. The response from the several parties was uneven, but the Committee was able to arrange private interviews with a number of informed party officials, organizers, and fund raisers that gave an up-to-date though fragmented picture of a modern Canadian election. Because of the incomplete nature of the information obtained, the Committee requested all federal parties to aid its investigations by opening their books, or providing financial statements, which could give the Committee a picture of the magnitude of the problem with which the parties were faced. Because of the delicate nature of some questions involving the cost of elections, the parties were assured that such information would be held confidential, and used only to instruct the Committee members as to the realities of campaign costs in Canada.

The Committee's research staff compiled briefs dealing with the history of election expenses in Canada, covering such topics as common methods of party financing, and legislation proposed and adopted or rejected in the past. Because the Committee's terms of reference contained a specific mention of the use of mass media in campaigning, and because numerous politicians identified the use of the media as one source of high cost, the Committee commissioned an independent research firm to study the effect of newspaper advertising on election costs. The cooperation of the Board of Broadcast Governors permitted the Committee to estimate the effect of radio and television broadcasting on election costs. Members of the Committee's research staff conducted a study of the problems involved in the use of television campaigning. Questions on the cost of mass media in campaigns were also included in the Committee's questionnaire to all candidates in the 1965 election.

Although a number of interested groups presented informative briefs to the Committee, the Committee's attempts to obtain information and opinions from members of the general public were generally disappointing. It appeared that a public opinion survey could best assess the feeling of the general public with respect to election expenses, a topic on which opinions may not have crystallized in the minds of those not directly involved in campaigning.

### *B. Canada: The Provincial Scene*

Because of the close connection which often exists between federal and provincial parties in the Canadian political system, and because problems of



campaign financing in the provinces bear many similarities to those found at the national level, the Committee considered that it would be useful to seek the advice of politicians, party officials, organizers, and fund raisers at the provincial level, wherever feasible. A few of the provinces, notably Quebec, Manitoba, and British Columbia, have experimented with legislation designed to alleviate some of the problems of election financing. The Committee therefore felt that it could benefit from provincial experience and appropriate studies were undertaken.

Members of the Committee travelled to every province to seek the advice of those most concerned with election financing. Premiers were interviewed, wherever possible, and numerous Members of Provincial Legislatures assisted the Committee with advice and suggestions. In addition, the cooperation of officials and fund raisers of parties in the various provinces was often forthcoming, and the Committee's understanding of regional problems was greatly increased.

The Committee's research staff also investigated the history of control legislation enacted in the provinces. The ambitious scheme of regulation and state subsidies put into effect in 1964 in Quebec received special scrutiny. The Committee summarized provincial experience with election expenses to serve as an additional basis on which to form opinions of what might be practicable at the federal level.

### *C. Other Countries*

#### 1. THE UNITED STATES

The first foreign nation considered by the Committee was the United States. The system at the federal level in the United States involves a complex system of legislation designed to limit both income and expenditures in election financing. The Committee was especially interested in discovering whether such a legislative system of control was workable, and sought the advice thereon of members of the Commission on Campaign Costs created by the late President Kennedy. The Committee asked for and received the cooperation of the Citizens' Research Foundation (Princeton) and its director, Professor Herbert Alexander, who prepared a study dealing with the United States' system of controlling federal election expenses. Professor Alexander also provided the Committee with many useful contacts in the European countries visited, and suggested bibliographic sources dealing with the general problems of election expenses.

Numerous other American party officials and scholars aided the Committee in a variety of ways. Professor E.E. Roady of the University of Florida met with the Committee and explained the advanced system used in that State for the reporting of election contributions and expenditures. Professor A.J. Heidenheimer of the University of Florida, an expert on Comparative Political Finance, met with the Committee's Research Director and provided

the Committee with useful information concerning election laws in numerous European and non-western democracies. Professor Heidenheimer also provided the Committee with bibliographic material, and the names of numerous scholars and electoral officials in the European nations; he further made known the Committee's investigations to the International Political Science Association's Study Group on Political Finance, which further aided the Committee in its efforts to make contact with knowledgeable scholars throughout the world.

## 2. THE UNITED KINGDOM

The Committee was especially interested in the election laws of the United Kingdom because of the similarities between that country's political system and our own. The Committee met a number of party officials, organizers, fund raisers, politicians, and electoral officers. These individuals were asked by the Committee to assess the effectiveness of British attempts to require disclosure of election finances, and to set limits on candidates' expenditures. Professor Robert T. McKenzie and Professor Richard Rose both gave the Committee useful information and offered their opinions and advice.

## 3. OTHER EUROPEAN COUNTRIES

Norway and Sweden were of interest to the Committee because their governments had commissioned studies on the problems of limiting election expenses. Both countries have rejected compulsory reporting as a way of controlling election expenses, and both have relied on voluntary reporting, and on limited state subsidies to the parties, as remedies for some of the major problems of financing elections campaigns. Numerous party officials and electoral officers in both countries willingly cooperated with the Committee, and told of their experiences with a system of voluntary self-control on the part of parties and candidates contesting elections. Several fund raisers described for the Committee the common methods of raising money, and others helped the Committee assess the effectiveness of the Norwegian and Swedish systems of controlling election financing.

Since the French system involves no legislation which directly limits a party's election expenses, but includes legislation designed to limit the activities of parties during election campaigns, the Committee in its interviews in France attempted to assess the effectiveness of an indirect system of control. The French heritage of a substantial portion of the citizens of Canada naturally made the French system of controlling election expenses of particular interest to members of the Committee.

A unique feature of election financing in West Germany was the system of interparty agreements adopted in 1965 to regulate election expenses and the modes of campaigning permitted. Also, since 1959, German parties have received unconditional subsidies. The Committee was concerned with estimating the success of the German form of control, and the problems of

enforcement under such a system. The General Director of Elections and officials of each party were interviewed by the Committee, and all were helpful.

#### 4. PUERTO RICO

The Commonwealth of Puerto Rico was also of interest to the Committee because of a system of rigid controls combined with state subsidies instituted first in 1957. Information concerning the Puerto Rican experiment was obtained by the Committee's Research Director, Professor K.Z. Paltiel.

Systems of control of one or more aspects of election financing have been attempted in a variety of other nations. The Committee's research staff summarized published information available on the experience of Australia, New Zealand, Japan, the Philippines, India, Argentina, Switzerland and Italy.

#### *D. Special Studies*

Apart from the foregoing, a series of special studies was also commissioned by the Committee. Mr. Harold M. Angell, Assistant Professor of Political Science at Sir George Williams University, Montreal, was commissioned to make a comprehensive study of Quebec's system pertaining to the limitation, financing, and control of election expenses. Members of the Research staff were assigned to study the financing of the Canadian parties operating at the federal level. Mr. Michael Stein, Assistant Professor of Political Science at Carleton University, Ottawa, was commissioned to study the financing of the Ralliement des Cr ditistes. Dr. J. L. Granatstein, Assistant Professor of History, York University, Toronto, was commissioned to study the financing of the Conservative Party (1939-45). Dr. John Meisel, Professor of Political Science at Queen's University, Kingston, was asked to include in his public opinion survey of the Canadian public, questions which would assess the attitude of the general public with regard to electoral expenses.

# 2

## HISTORY OF CANADIAN ELECTION EXPENSE LEGISLATION

### I. THE LEGISLATION

The legislative response to the problem of money in elections throughout Canadian history exhibits a consistent but melancholy pattern. It is an instructive exercise to survey the evolution of laws on election expenses, not only for the purpose of detecting the weaknesses of devices which have been attempted, but to isolate the root assumptions behind the various legislative approaches to the problem. It is unfortunate that an examination of the laws must inevitably lead to rather severe criticism of them, but it is a simple fact that they have not been effective in achieving their apparent purposes. The Committee has therefore attempted to determine to what extent the assumptions themselves have been at fault, and to what extent the fault has resided in the legal means employed. This examination may allow us to conclude whether or not our criticism must be technical, concerned with means alone, or radical, concerned with the assumptions upon which the laws are based.

The first significant fact to be noted is that Canada began as a nation with no legal recognition that money constituted a special problem in elections. Conceptually, money was "visible" only in regard to "corrupt practices": in 1867, corrupt practices included giving and receiving of bribes, treating, and in some cases conveying voters to the polls. Little consideration was given to the problem of possibly corrupt obligations by candidates to their contributors, and none at all to the possible distortion of the democratic process by the uneven distribution of funds among candidates and parties. Then in 1873 came the first major public disclosure of a defect in the system, the Pacific Scandal. The Government party had received large sums of money from an entrepreneur vitally interested in a government contract and subsidy;



the party, moreover, had gone on to win. How much the money in question had counted toward this victory was a matter for partisan dispute; it may have been decisive.

The situation was hardly novel. What was novel was its public disclosure. In the most dramatic way possible an exploitation of a legal vacuum had been revealed to the electorate. The Opposition, of course, tended to argue that the incident was but another example of "original sin" on the part of the Government party. Laws would be necessary, they thought, if only to catch the Government party, but the Opposition failed to recognize the problem as one inhering in the democratic process, not as a function of one party alone, but of the democratic party system itself. Consequently the legal response was not adequate, even to its limited aims.

The judgment of most men, or at least those not entirely governed by partisan passions, was, as one biographer of Sir John A. Macdonald later put it, that: "The necessity for a party fund may be freely admitted, but the methods employed in its collection and distribution put a severe strain too often upon political morality."<sup>1</sup> Or as another biographer wrote: "At every election there are expenses, some light, and some vast, and these have to be borne by ministers and their friends. The spectacle may be pitiable, and it is pitiable, but it is true, and is a part of our system as much as the ballot itself."<sup>2</sup>

Goldwin Smith's *Canadian Monthly and National Review* probably summed up the feelings of many Canadians in 1873:

Yet it may prove a happy turning point in our political history, if the people, after the political corruption and demoralization which they have undergone, have virtue still left to meet the crisis well, and not only to do themselves justice in this particular case, but to reform a system of government which, in its present state, leads to these offences, whichever faction may be in power, with a fatal necessity which affords a considerable excuse even for the present offenders.<sup>3</sup>

The same magazine went on a few months later to detail its hopes for reform:

There is evidence before the country that an unusually large expenditure was lavished on the elections of 1872; but of the details of that expenditure—what constituencies were influenced and what seats purchased by it—we are altogether without information. Men who succeeded by resorting to corrupt practices then, may be candidates for re-election now, for anything that is known to the contrary. If this be so, no man can point his finger and denounce them to the electors: they are lost in the common mob of candidates. This is a great disadvantage, as it bars the exercise of knowledge necessary to a full understanding of the issue in its various ramifications. And if constituencies were debauched and seats bought and sold, the punishment of disfranchisement cannot be inflicted, because the facts alone on which it would be possible to proceed are wanting. To apply indiscriminately the name of "charter-sellers" to one half the candidates, in the

<sup>1</sup> Parkin, George R., *Sir John A. Macdonald*, Toronto, Morang & Co., Limited, 1908, p. 200.

<sup>2</sup> Collins, Joseph Edmund, *Canada's Patriot Statesman*, G. Mercer Adam, ed. Toronto, Rose Publishing Co., Limited, 1891, p. 406.

<sup>3</sup> *The Canadian Monthly and National Review*, vol. 4, No. 2, August 1873, Toronto, Adam, Stevenson & Co., p. 142.

absence of particular facts, is a proceeding that cannot commend itself to the general sense of justice. Whoever defends the receipt of large sums of money by members of the late Ministry from a competitor for a Government contract, to be used for election purposes, voluntarily places himself in an assailable position and must take the consequences. Whoever puts forward as competitors for power the delinquents makes a like selection of his political position, on his own responsibility. The best thing that any Opposition candidate could say of this transaction is, that it was clearly wrong and absolutely indefensible, and that those by whom it was done have been punished by deprivation of power. It seems evident that no further punishment is contemplated beyond what the constituencies may now inflict. The consequences of the dissolution of the House in the election of which the money was expended, form the natural,—whether or not it be premature,—end of the great Scandal. A knowledge of the details of the expenditure would have formed a luminous guide to the electorate, when called upon to select new representatives.<sup>4</sup>

It was to the device of publicity that people turned after the Pacific Scandal. Misuse of campaign funds could be regulated by laws against corrupt practices. The improper gathering of money, it was felt, should not be something subject in itself to legal sanction. The electorate was the proper judge of the propriety of the collecting process. The law which was passed in 1874 by the Reform Government of Alexander Mackenzie ignored direct intervention in the political process (such as legal controls or limitations on contributions and expenditures), but instead operated on the basic premise that publicity was a sufficient goal to be pursued.<sup>5</sup> Before dealing critically with this assumption, we should examine the relevant sections of the statute to determine how effective were the legal means to this end.

The legislation contained two main innovations.

1. The doctrine of agency, i.e. investing legal responsibility for the use of money in a single agent, was established.
2. The candidate and agent were made responsible for a statement of what money they had spent, and how they had spent it.

The doctrine of agency was an undoubtedly useful innovation, which provided the central responsibility for spending which is necessary if publicity is to work. It is more difficult to comprehend the intention of the government with regard to the second part. The essential, indeed the critical, point about the Pacific Scandal, was the *source* of the money involved. It might be a fit subject for partisan polemics that the Government party apparently had had more money to spend than the Opposition, but it was certainly not this which drove Macdonald from office. Yet the new legislation, if it had been in effect in 1872, would have thrown no light on the matter: no candidate or party would have been legally compelled to state that money had been received from anyone, including persons involved in government contracts. After the legislation of 1874, the source from which candidates received their money remained as free from publicity as before.

The inadequacy of the legislation went still deeper. Even if the principle had been extended, and the candidate and his agent required by law to list

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<sup>4</sup> *Idem.* vol. 5. No. 2, February, 1874, pp. 149-150. [Italics not in original.]

<sup>5</sup> *The Dominion Elections Act, 1874*, Statutes of Canada, 1874, 37 Vict. c. 9, ss. 121-125.

the sources of income, the bargain behind the Pacific Scandal would have still gone largely undetected. Ministers had accepted money in their capacity not as candidates, but as party leaders. The money which was then distributed to candidates supporting them could legitimately have been listed as contributions from the ministers. Only in the event that the leaders had spent the money in their own constituencies, on their own behalf, would the source have theoretically been disclosed. And all that was needed here to circumvent even an enforceable law was a party treasurer who was not himself a candidate.

By failing to come to grips with the reality that politics is more importantly a party process than an individual process, the framers of the 1874 law failed to put together a workable framework for legislative control. At that time, the failure to recognize the importance of parties as units of political action was in part understandable, since parties were relatively weak and indistinct.<sup>6</sup> But weak and indistinct as they may have been, nevertheless more money seems to have been channeled through them than through individual candidates. The failure in 1874 to deal with parties constituted a precedent breached only slightly down to the present day.

Yet even assuming that publicity had been understood to include within its scope the identification of contributors, and assuming that the law had recognized parties and dealt intelligently with them, there was a third critical inadequacy in the legislation of 1874, that of enforcement. A monetary penalty was established for default; more importantly, the "wilful" furnishing of an "untrue" statement was made a misdemeanour. But who was charged with checking the truthfulness of the statements? From the wording of the Act it might appear that the elector who was allowed, for a fee of twenty cents, to inspect the bills and vouchers included in the candidate's statement, was expected to examine such records conscientiously, and take it upon himself to initiate prosecution against any erring candidate. The weakness of this reasoning is immediately obvious. The ordinary elector is in no position to evaluate the truth or untruth of a candidate's statement other than in the case of, say, a simple error in addition. The untruth of a statement can normally be determined only by a legal investigation of the election, the time and money for which the ordinary elector does not possess. Historically, this theory of the zealotry of the civic-minded elector has indeed proved to be meaningless. So long as a government official or independent agency is not charged specifically with determining the validity of all the statements for each election, it seems that little or no action will be taken in checking their accuracy. In short, if the framers of the legislation of 1874 believed that the electors could be trusted to act as watchdogs, or even that the parties could be expected to check each other, their hopes have proved to be unfounded. Moreover, no provision was made for the central collection and publication of the candidates' reports, thus making a general picture almost impossible to obtain.

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<sup>6</sup> See Study No. 6 "The Patterns of Canadian Party Finance" in Part II of this Report.



The law of 1874 thus failed on three basic counts: 1. it comprehended only the expenditure and not the income side of political finances; 2. it failed to recognize parties as collectors and spenders of money; 3. it failed to place the initiative for enforcement in any effective body or office. The result was legislation lacking in vision, ineffective in means, and impotent in action. The historical pattern, however, is significant: first there was no legislation governing election expenses; then a public scandal aroused popular opinion; and finally, the legislative response was high in moral content and low in enforceability.

There was little criticism of the law at the time. Even Macdonald had been contemplating in 1873 a revision of the *Dominion Elections Act* which would have included some measure of publicity. The legislation was viewed by its framers with apparent satisfaction. George Brown could write in the *Globe*<sup>7</sup> (three years after the law had been passed) that "every known mode of spending money under which even the suspicion of corrupting the electors could lurk has been most properly forbidden under severe penalties and successfully enforced." In any event, no attempt was made to improve upon the 1874 legislation until another scandal aroused public indignation. In 1891 the McGreevy Scandals disclosed a system operating in federal elections in Quebec whereby contractors gave kickbacks on government contracts to finance government candidates. The opportunity which the government had thus seized was not of course unique to the eighteen-nineties: it is a natural result of a political system which allows governments to give valuable contracts to private interests and, at the same time, compels them to seek funds for re-election. The system was not new nor was it confined to one party, but when the extent of its operation was revealed in 1891, public indignation again resulted. The government of the day tried to placate public displeasure by passing an amendment making it a corrupt practice for anyone to assist any candidate at an election in return for money or any "valuable consideration," or for the promise of "any office, place or employment."<sup>8</sup>

The pattern of 1874 repeated itself. Public disgust at a particularly malodorous abuse of the fund-raising system impelled the government to pass a legal platitude. The difficulty of enforcement is obvious. Conviction would have required the kind of evidence almost impossible to obtain, except in the extreme and unlikely case of a written agreement, or actual eye-witnesses. To make matters even more difficult, prosecution would have to be undertaken by the Crown; and questions must inevitably be posed concerning the possible lack of enthusiasm on the part of a lawyer employed by a government in seeking a verdict which would at best be embarrassing, and at worst fatal to that same government. The uselessness of the law was finally demonstrated forty years later, in the aftermath of the Beauharnois Scandal

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<sup>7</sup> *Globe*, July 8, 1876 as reported in the case *Regina v. Wilkinson-re Brown*, 41, Upper Canada Queen's Bench Reports, (1878), 47 at p. 69.

<sup>8</sup> An Act to amend *The Dominion Elections Act 1874*, Statutes of Canada, 1891, 54-55 Vict., c. 19, s. 14.

of 1930-31. The party more deeply concerned had then gone out of power, and the new government might have been favourably inclined toward seeking a conviction. The evidence was damaging, and the facts tolerably clear; yet no prosecution was undertaken. Perhaps the government leaders feared that the tangled web of fund-raising corruption would inevitably entrap them too. What is equally probable is that, even in the well-publicized circumstances of the Beauharnois contract, it would have been impossible to establish in court the critical point: that money had been given to a party on the explicit promise of a contract that was to be given in return.

The scandals of 1891 and 1930-31 further served to demonstrate the uselessness of the publicity provisions of 1874. In 1891 there was no relation whatever between the declared expenses of the candidates involved and the candidates' actual expenses as revealed by the investigations. In both instances the scandals primarily involved political parties, and only secondarily individual candidates.

In the first decade of the twentieth century, with the laws of 1874 and 1891 in force, it was becoming apparent that electoral and administrative corruption, and patronage in the civil service, were again posing dangers to the public interest. The parliamentary sessions of 1906 and 1907 were among the most scandal-ridden on record. The government accordingly presented a series of reform measures in 1907 and 1908. Three changes were made concerning election expenses.

1. The doctrine of agency was strengthened, with the passage of a clause making it an indictable offence to make any contribution to a candidate other than through the official agent (except for personal expenses).<sup>9</sup>
2. Foreigners were prohibited from assisting in Canadian elections (it had once been a practice to bring in ex-Canadians and others from the United States at election time, sometimes at considerable expense).<sup>10</sup>
3. Corporations were prohibited from contributing to candidates and political parties.<sup>11</sup>

The first two changes were of only marginal significance; the third constituted perhaps the most radical and audacious attempt at legislative control over election expenses ever advanced in Canadian history on paper. The attempt turned out in actuality to be only the most ridiculous chapter in an uninspiring story of ineffective legislation. It is worth a close look for the lessons it can teach.

An Opposition member described the ideological framework within which the law was framed when he stated: "We are accustomed to hear and particularly to read in the public press, assertions to the effect that certain great corporations own governments in this country and are able to affect the

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<sup>9</sup> *An Act to amend the Dominion Elections Act*, Statutes of Canada, 1908, 7-8 Edward VII, c. 26, s. 28.

<sup>10</sup> *Ibid.*, s. 33.

<sup>11</sup> *Ibid.*, s. 36.



course of legislation in this House and in other legislative bodies.”<sup>12</sup> It was a typical measure to have come out of the “progressive” era (in the United States, the administration of Theodore Roosevelt had passed a somewhat similar law a year earlier); but like much “progressive” legislation of the period it was more impressive in sound than in substance.

Some weaknesses were immediately apparent. For one thing, “political party” was nowhere defined in Dominion legislation. And that the legislation may not have been quite so disinterested as would appear can be seen in the phrase “no company or association other than one incorporated for political purposes.” A government spokesman, Hon. A. B. Aylesworth, Minister of Justice, specifically cited the Ontario Liberal Association, which apparently was a channel for much Ontario money, as an example of an association thus permitted to give contributions.<sup>13</sup> Opposition members were later to charge that the law was simply an attempt to enhance a well-organized Liberal form of giving by eliminating forms used by other parties. The charge, while no doubt exaggerated, showed the dangers which attend any legislative attempt to regulate political expenses, wherever differences in forms of party finance exist.

In any event, the main weakness of the 1908 legislation was again its ineffectiveness. Little attention was paid to it when it was first introduced in the House; little debate accompanied its acceptance, although the Minister introducing the legislation noted that the clause “has been vehemently attacked in many quarters.”<sup>14</sup> In this, the indifferent Members of Parliament showed much more sense than the “vehement” outside critics, for the clause proved to be entirely ineffective in prohibiting big business from contributing to campaign funds. As one Member of Parliament pointed out in the Special Committee on the Dominion Elections Act and Corrupt Practices Inquiries Act in 1929, “Section 10 of the Act is at present very comprehensive but the difficulty is that it has been extremely difficult in the past to enforce it. In the opinion of the Deputy Minister . . . it is not the duty of the Chief Electoral Officer to enforce it.”<sup>15</sup>

The law in fact had no impact. There were no prosecutions, and there was no evidence that business contributions slackened after 1908; on the contrary, they may have increased. Sir Henry Drayton once said in the House of Commons:

Is there any honorable member in this House so foolish as to think that contributions are not made to election funds? Why, of course, they are made . . . . Everybody knows also that this country has yet to find a single prosecution. The law is a dead letter . . . . It has never been enforced, and there is no intention of enforcing it today.<sup>16</sup>

<sup>12</sup> Canada, *House of Commons Debates*, January 22, 1908, p. 1677.

<sup>13</sup> *Ibid.*, July 2, 1908, p. 11757.

<sup>14</sup> *Loc. cit.*

<sup>15</sup> Canada, House of Commons, Special Committee on Dominion Elections Act and Corrupt Practices Inquiries Act, *Minutes of Proceedings and Evidence*, 1929, Appendix, p. liii.

<sup>16</sup> Quoted in MacKay, Robert A. “After Beauharnois—What?” *Maclean's Magazine*, Oct. 15, 1931, p. 8.

The main point is that, even supposing zealous enforcement on the part of the government (which, considering the needs political parties have for money, was a dubious assumption) businessmen willing to contribute would have little difficulty classing corporate funds as, say, "personal expenses", or even salary; nor would a corporate executive meet any difficulty in giving "bonuses" to employees, who would then give, as individuals, to a political party. Nor do these in any way exhaust the list of devices which might be so employed. The law was once again only a legal platitude, this time made even more empty by virtue of its pretension. Nonetheless, in 1920 Parliament renewed the clause concerning corporate giving, changing the wording only slightly.<sup>17</sup> The changes were two: the amended clause made explicit that "incorporation" was not of importance, and that *all* companies and associations were to be subject to the clause; and no particular penalty was specified, violations now being merely "punishable as in this Act provided." The latter provision had an inherent weakness; since "political party" was nowhere defined in the Act, only corporate contributions to individual candidates could now be punished. No punishment for contributions to parties was written into the statute.

The one factor not mentioned at all in the 1920 debate (whether through ignorance or wilful indifference is unclear) was the effect of the section on trade unions, and it was the agitation of the unions and their political spokesmen which finally brought about repeal of the clause. In 1925. Mr. William Irvine, M.P. (Labour, Calgary East) brought to the attention of the House the fact that while big business was hardly hampered by Clause 10, trade unions were effectively denied financial participation in politics. Moreover, unions were incapable of taking advantage of the one escape hatch available to them, that of incorporating themselves for political purposes. "Clause 10 of the Dominion Elections Act," Mr. Irvine went on, "is only an impious statutory declaration. I believe it is violated by all concerned in every election, yet not a single prosecution has ever been instituted under its provisions. I submit to the House that to retain a section in an act which cannot be enforced—no; worse than that, which invites its own violation—is to bring law itself into disrepute."<sup>18</sup> Mr. Guthrie, protagonist of the clause in 1920, now noted that the Progressives had associations incorporated for political purposes in every riding, and that it was unfair that the unions should not also have this privilege. Some opposition members asserted that the original clause, as passed in 1908, had simply been a device to aid the Ontario Liberal Association. With little debate the House moved on to vote on Mr. Irvine's motion for repeal of the clause, but not before the Labour member had accused the Government of "bovine obstinacy," thereby giving the Government a pretext for opposing the suggested change. Repeal of the clause was narrowly defeated, 60-53, with most Progressives and many Conservatives (including the Leader of the Opposition, Mr. Meighen) voting along with the Labour group, but with the Liberals opposed.

<sup>17</sup> *Dominion Elections Act*, Statutes of Canada, 1920, 10-11 George V, c. 46, s. 10.

<sup>18</sup> Canada, *House of Commons Debates*, June 26, 1925, p. 4970.

Thereafter support for the clause continued to weaken. In 1929 the Labour group in the House of Commons presented a series of recommendations to the Special Committee on the Dominion Elections Act, including repeal of the section in question. The Trades and Labour Congress of Canada submitted a brief which read in part:

Clause 10 of the Franchise Act, 1920, prohibits unincorporated associations, such as trade unions, etc., from making voluntary contributions towards election campaigns and Clause 11 of the Franchise Act, 1920, prohibits any person not being an elector and who resides without Canada from assisting in any manner in election campaigns.

These sections work particular hardship to candidates dependent upon contributions towards election expenses inasmuch as they prevent subscriptions being taken up at trade union and similar gatherings and we, therefore, ask that these two sections be repealed. It is true they have not been strictly enforced. This however, only creates a lack of respect for the law as a whole and, we venture to assert, is an added argument for their repeal.<sup>19</sup>

The Committee decided to support the principle of repeal, and although this recommendation was included in its Report to the House, the Government decided to concentrate upon certain other matters. Accordingly, in 1930, Mr. Woodsworth again moved that the section be repealed; his amendment was adopted with virtually no discussion. The point was somewhat academic, for at the time labour unions were not contributing much money, if any, to politics. In any event Canada was treated to the somewhat odd spectacle of a law which had originally been directed against big business influences in politics being repealed at the instance of Socialist Members of Parliament.

It is doubtful if any comfort can be drawn from the curious history of this section. Public displeasure at scandal in 1908 had, as in 1874 and in 1891, resulted in a high-sounding but useless piece of legislation. The only tangible effects of the law were unintended, and it was finally repealed. Two years later the Beauharnois Scandal turned the law, in retrospect, into a joke.

But the law has concerned other aspects of election expenses besides donations from organizations to parties and individuals. In 1920 the Conservative Government, as already noted, offered a number of amendments to the *Dominion Elections Act*, but with one exception only minor changes were effected concerning election expenses. The changes made were inspired by British legislation, and were designed to clarify a number of points in the existing legislation, such as exceptions to the rule that all payments must be made through the official agent, clarification of "personal expenses", and changing of the penalty for default in publishing the statement of expenses.<sup>20</sup> Section 79 (1) of the 1920 legislation expanded the scope of publicity by requiring that candidates disclose contributors and amounts contributed. This was clearly an improvement; one of the criticisms of the original provisions for reporting was that no consideration had been given to

<sup>19</sup> Canada, House of Commons, *Minutes of Proceedings and Evidence* of the Special Committee on Dominion Elections Act and Corrupt Practices Inquiries Act, 1929, pp. 49-50.

<sup>20</sup> *Dominion Elections Act*, Statutes of Canada, 1920, 10-11 George V, c. 46, secs. 13, 78 and 79. Their English antecedents are in *Statutes of England*, 46-47 Vict. (1884), c. 51, ss. 27-29, 31, and 33-35.



the "input", but only to the "output" side of political spending. Yet much of the usefulness of the new provision was vitiated by the two continuing failures: the non-recognition of parties, and the lack of enforcement.

The Beauharnois Scandal of 1931 revealed that \$700,000 to \$800,000 had been given by the Beauharnois corporation to the previous Liberal Government and that an extremely valuable government contract had been given to the corporation. Some money had also gone to the Conservatives. The scandal demonstrated the irrelevance of reporting laws which failed to recognize parties in that all the money in question had been given to party collectors, not to candidates. It was in many ways one of the worst scandals in Canadian history, and one which arose directly out of campaign fund corruption; yet on this occasion not even another legal platitude was called in to mollify public opinion.

Indeed, after 1920, whatever innovating spirit Parliament had once possessed concerning election expenses seemed to disappear altogether. Not a single new law of any significance has been brought down since that time. Campaign funds have been the subject of a good deal of public comment; newspapers and magazines have, often enough, contained articles on the matter, usually accompanied by pleas for reform. Parliament itself, in committees and in discussion of private members' bills, has considered a number of ideas; the Provincial Legislatures have, on occasion, passed far-reaching and even radical legislation. Yet for almost a half-century nothing of significance to election expenses has changed in the federal statutes.

## II. ENFORCEMENT

Apart from an abundance of cases under the *Dominion Controverted Elections Act*, many of which concerned corrupt expenditures by candidates for such matters as bribing electors, there is little jurisprudence in existence on the laws governing election expenses as such. Since enforcement procedures have been so weak, few cases have been tried, and many provisions have received little or no judicial consideration. Judicial decisions in the nineteenth century<sup>21</sup> did establish that failure on the part of an agent to account properly for all the money received and spent probably raised a presumption of corrupt practices. The only case of real importance arose in 1922, when the election of a Progressive candidate in Saskatchewan was challenged on the grounds that his official statement of election expenses was incomplete, and did not include certain expenses such as the hiring of a band. The case (*Johnson v. Yake*)<sup>22</sup> eventually went to the Supreme Court of Canada where it was decided that failure on the part of a candidate for election to the Dominion Parliament, or his agent, to include accounts

<sup>21</sup> *Re: South Grey (Prov.) Hunter v. Lauder, Hodgins Election Cases*, p. 52, (1871). More importantly, see *Re: Levis (Dom.) Belleau v. Dussault et al.* 11 S.C.R. (1886), 133.

<sup>22</sup> *Re: Moose Jaw (Dom.) Johnson v. Yake et al.* [1923] S.C.R. 377, affirming [1922] 3 W.W.R., 328.

properly classed as election expenses in the return required by section 79(1) (a) of the *Dominion Elections Act*, 1920, chapter 46, and in knowingly making false returns of election expenses and in making false declarations verifying such false returns are corrupt practices within the meaning of section 79(9) and void the election and make the parties at fault liable to the penalties and disqualifications provided by the Act.

The Member in question was thus unseated and a by-election was held. This is the only case on record of a Member losing his seat due to a violation of the provisions on election expenses, as opposed to corrupt practices as such. Nor has any unsuccessful candidate ever been punished for a violation of the law. This lone case, which might have constituted an important precedent, has inspired no similar actions. It must be pointed out that in this case charges were brought against a member of a newly formed political party; on no occasion has a member of an established party initiated action against a candidate from another established party.

Some provisions of the law have never been enforced at all. As already noted, the section forbidding corporations from contributing to political parties or candidates was never enforced. Failure to provide an official statement has never been punished, although, according to the clear intent of the law, defaulting members could lose their seats. And it is not that the law has been enforced inconsistently or even sporadically; with the exception of *Johnson v. Yake*, it has not really been enforced. The explanation for this failure cannot be dealt with here, involving as it does certain judgments about the motives of political parties. Suffice it to say that: 1. the established parties have been unwilling to initiate action against each other; 2. the trouble and cost of contesting an election suit about election expenses is prohibitive to the private citizen; 3. no organized, nonpolitical group has ever undertaken to bear the cost of a suit; 4. no governmental agency has felt itself responsible, or been made responsible, for prosecuting candidates violating the law on election expenses.

The basic philosophy has thus been one of *laissez faire* in two senses: 1. nothing has been done until circumstances have forced action; 2. the government has usually refrained from intervening in the political process directly in order to effect a change in the system itself. Instead, legislators have relied on publicity, in the belief that the systems should function unhindered but should be fully illuminated, so that the electorate could act on this information in any way it might see fit. Consequent on this reasoning is usually the corollary that the system could change naturally were information about it available to all, but that no special governmental machinery or continuous public expenditure would be necessary.

No attempt has been made to intervene directly in the political process to *limit* or *control* expenses and only one ill-fated attempt (that of 1908) has been made to control contributions. No attempt has been made to subsidize directly parties or candidates at public expense. And no attempt has been made to widen the base of political giving by making donations more attractive to private citizens through tax advantages or relief.



### III. ATTEMPTS AT REFORM

If the philosophy embodied in legislation has been one of *laissez faire*, alternative philosophies have never been consistently articulated in Parliament. Rather, suggestions for reform have on the whole tended toward extending and making more effective applications of the existing philosophy.

There have been certain panaceas advocated off and on in Parliament, the most common being the institution of compulsory voting. This is presented as an indirect solution which, by eliminating the necessity for candidates to induce electors to attend the polls, would presumably eliminate the need for large campaign funds. This idea, seriously suggested several times in Parliament since 1867, has recently faded away with the acceptance of the increasing role of the mass media and of "image-building" in campaign costs. In addition, direct intervention in the form of public subsidies was suggested as early as 1920,<sup>23</sup> but the idea has not been taken seriously enough in the past to have been presented in the form of a bill. And despite the obvious desire on the part of politicians to broaden the base of political donations, there has been little interest shown in schemes of tax credits or tax deductions to make campaign giving more popular.

The only form of direct intervention with a long history of support has been that based on a statutory limitation of expenditure. This has usually been presented in conjunction with a stricter form of reporting. As early as 1870, before the first legislation on election expenses had appeared, Edward Blake suggested strict limitation on expenses and official auditing of election accounts.<sup>24</sup> The most elaborate attempt at limitation came from Hon. Charles G. Power, who in 1938 presented a long and carefully thought-out scheme for reform.<sup>25</sup> The Power Bill attempted to control expenses by providing statutory limitations, limiting severely the number of agencies through which expenditures were permissible under the law, and by strictly supervising these expenditures. The bill was considered at some length by a Parliamentary Committee,<sup>26</sup> but there seemed to be little agreement on the part of Members as to what a reasonable limitation might be. The bill was reintroduced in 1949 in a diluted form but was not passed. As recently as 1964 a bill was introduced by Mr. Andrew Brewin calling for strict limitation of expenses on the part of both candidates and parties. This bill was reintroduced in the 1966 session, but in neither case did it reach the voting stage.

The failure of the existing legislation to deal with parties is such an obvious weakness as to call forth a number of attempts at improvement. One

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<sup>23</sup> Canada, *House of Commons Debates*, April 13, 1920, p. 1197.

<sup>24</sup> Canada, *House of Commons and Senate Debates*, March 10, 1870, p. 363.

<sup>25</sup> Canada, House of Commons, Bill 90, *An Act Respecting Political Expenditures*, 3rd Sess., 18th Parliament, 1938.

<sup>26</sup> Canada, House of Commons, Special Committee on Electoral Matters, *Minutes of Evidence*, see particularly June 23, 1938, March 30, 1939, April 3, 1939 (typescript copy). See also *House of Commons Debates*, April 5, 1938, pp. 2036-2046.

bill, introduced in three successive years (1958-1960), was intended to compel the central committees of political parties to submit a statement of amounts contributed and the identity of the contributors to the Chief Electoral Officer and to Parliament. But private members' bills rarely get far in the legislative process. Nevertheless, they may serve as an indication of backbench opinion, and there have been enough to suggest general dissatisfaction among Members of Parliament with the laws on election expenses. Suggestions for reform embodied in actual bills have usually centered around two main areas: 1. statutory limitation of spending; 2. strengthening of the reporting provisions, by including political parties or by creating machinery for enforcement.

Even though the device of publicity, which has been at the heart of all the attempts at legislation, has not been effectively realized, the idea should not be dismissed as impractical or meaningless. The fact is that the device of publicity has never been really tested. Two fatal weaknesses have vitiated all efforts in that direction: the failure to recognize political parties as essential units of political finance, and the failure to provide effective machinery for enforcing the laws. It is not possible at the moment to conclude that publicity has failed, only that it has never been properly tried. Other devices, such as subsidies, limitations, and tax inducements have yet to be explored.



# 3

## THE NEED TO AMEND CANADIAN LEGISLATION CONCERNING ELECTION EXPENSES

Before returning to the weaknesses of Canadian legislation concerning election expenses, the Committee believes that it should first attempt to define the problems involved, show their relationship to the needs of a democratic electoral system, and indicate why current legislation is, in the Committee's opinion, inadequate.

### I. THE PROBLEM OF POLITICAL FINANCES

Nearly all democratic countries are concerned about one aspect or another of political finances. As a previous chapter has shown, several countries have set up committees to examine political financing, and many have adopted legislation. None of the legislation is ideal, and none meets all problems. The legislation constitutes in most instances a serious attempt to solve specific problems; but it is clear that no legislation can be effective unless political parties, candidates, and citizens themselves honestly attempt to make the law work. The Committee is convinced that there is no point in merely recommending the passing of another law; the political awareness of parties, candidates, and the electorate as a whole is involved.

The establishment of this Committee in Canada is evidence that election expenses are a problem here just as in other democracies. It is the Committee's opinion that the problem in Canada, in the context of the political and administrative decentralization characteristic of our political system, is approximately the same at the federal, provincial and municipal levels. Some provinces have indeed adopted legislation which is in advance of federal



legislation. But Parliament has also enacted statutes that are undoubtedly incomplete, but not without value as expressions of a need, and it is with federal legislation that this Committee must be concerned. Nonetheless, it should be remembered that election expenses at the federal level should be viewed as part of a larger framework: the problems involved are not peculiar to Canada, nor, within Canada, peculiar to federal politics. The solutions suggested later in this Report are not put forward as final solutions but rather as workable first steps relevant to a particular stage in the evolution of Canadian democracy. They will be workable only if Canadian political parties, candidates for public office, and the public are willing to show sufficient sense of civic responsibility to obey the law. It is a striking feature of laws concerning election expenses generally that they are widely disobeyed.

## II. PRESENT LEGISLATION ON POLITICAL FINANCES

Obviously the law can help to further a sense of civic responsibility. The Canadian legislation of 1874, with its subsequent amendments, could not help but improve the situation it was designed to change. But the 1874 legislation was limited in scope and Canada, after the manner of other democracies, does not really have legislation intended to cope with the general problem of political financing. The existing statutory provisions do determine, in fairly precise terms, the legal status of political finances. Legislation governing the political finances of the candidate is complex. But as in most other democracies, the Canadian legislator has, until now, refused to recognize the legal existence of political parties.

Most Canadians will surely agree that legislation which does not recognize parties is incomplete. It is to be hoped that they will further agree that candidates have legitimate electoral expenses, and must have means sufficient to enable them to explain to the electorate what Canada's domestic and international problems are, and their proposed solutions. The Canadian elector cannot otherwise cast his vote intelligently. Political parties and candidates must have at their disposal the financial means that will enable them to play their role of political educators, ideally without being bound to private interests to the detriment of the public good.

## III. THE IMPORTANCE OF ELECTION FINANCES IN THE PROPER FUNCTIONING OF THE DEMOCRATIC SYSTEM

The foregoing general considerations, which the Committee believes should underlie any new legislation, suggest clearly but simply how important it is to have good legislation on political finances if democratic government is to be effective. If we wish to improve the workings of democratic government in Canada, we must have legislation that will suppress any parasitic elements

that might weaken democratic mechanisms. At best, campaigning is an expensive business; and if expenses run high, income must be significant. But the source of income must not be such as to prevent parties and legislators from adopting legislation that is in the public interest.

If the core of the problem of election expenses can be stated thus succinctly, so can the Committee's approach to a solution: new legislation is needed to cover receipts into political funds, and new legislation is needed to cover political expenditures. Since existing legislation deals more with expenditures than income, it is convenient to discuss expenditures first.

### *A. The Need for New Legislation Covering Expenditures from Political Campaign Chests*

#### 1. THE NEED FOR MONEY

The Committee was occasionally told: "We must abolish election campaign chests." What our informants probably meant was that we should wipe out the sources of illegal revenues, of revenues that may corrupt politicians, or corrupt electors through the purchasing of votes. In any event, the Committee cannot agree that the use of money in elections be abolished. Indeed, the Committee's inquiries have convinced it that the use of money is essential in the democratic process.

The elector cannot make a sensible choice unless he is well informed. Keeping the electorate well informed means using the great communications media: radio, television, newspapers, printed flysheets, billboards, etc. If these media are to be used well, parties and candidates must spend very considerable sums of money. The sums are essential expenditures incurred in informing the public. It may be alleged that political expenditures do not always meet the aim of informing the elector and one may criticize the wrong or foolish use of money by parties or candidates; but one cannot dispense with the use itself. It may also be alleged that the financial means of the different parties and of their candidates are disproportionate, and the lack of proportion may likewise be criticized. From this, one can argue that measures should be taken to limit the expenses of parties and candidates that are too lavish in their expenditures, and to encourage the development of new sources of money for those who have not enough, so that they, too, may be able to use informational media to the full.

The Committee does not wish to belabour points that seem obvious. Let us examine in some detail the political expenditures of candidates and parties.

#### 2. POLITICAL EXPENSES OF CANDIDATES

At the local level, the candidate must make himself and his views as widely known as possible. Naturally he cannot go out in person to meet the 40,000 or 50,000 electors in his riding. He has to use the informational media that will bring him to the people: radio, television, newspapers,

handbills, etc. In the election of November 8, 1965, 758 candidates reported that they spent \$5,173,045.40; an additional 255 candidates made no report. In the election of April 8, 1963, 780 candidates reported that they had spent \$4,040,351.27; an additional 248 candidates made no report. In the election of June 18, 1962, 819 candidates reported expenditures totalling \$5,095,-824.42; 198 candidates made no report. These statistics, in the Committee's opinion, prove the need for funds; but they do not prove a need for the abuse of money, or its unlawful use. Even within the law, a candidate could make such exaggerated use of media that he could be accused of "brainwashing" the voting public, while an equally valuable but impecunious rival might not be able to use the media at all.

To put some limits on the use of moneys, Parliament has already brought a worthwhile system into effect. The law provides that all election expenses must be authorized by the "candidate's official agent", a person appointed by the candidate. The official agent reports on all expenditures incurred both *in toto* and in detail. All electors may consult this report, a summary of which must be published in a newspaper in the constituency. This is an excellent system on paper. It enables every elector to see the total expenses and their character. The Committee was at first surprised that electors have taken little interest in these reports, and that so little use has been made of them by scholars and journalists. But there is good reason for making little use of the reports, based on the fact that there is a tremendous gap between the law and reality. The law is clear; but many official agents make no report, and informants strongly suggested that many of the reports are at least partially inaccurate.

Analysis of the past six elections gives the following results:

<i>Election</i>	<i>Number of candidates</i>	<i>Candidates who made no election expense returns</i>	<i>Percentage of candidates who made no election expense returns</i>
1949	849	144	17.0%
1953	901	133	14.8%
1957	868	121	13.9%
1958	836	163	19.5%
1962	1,017	198	19.5%
1963	1,028	248	24.1%
1965	1,013	255	25.2%

Obviously, many candidates do not make any return at all. Of the returns that are made, examination suggests that many are incomplete and misleading. The Committee has no exact statistics on the inaccuracy of these reports, but the evidence indicates that the election expense returns are not taken as seriously as they should be by all candidates.

The Committee recognizes that this is a situation which should be corrected. There is a wise law in existence which should be brought into effect. The chief reason why it has not been is that the law leaves it to the electors to bring its provisions into effect, and there is no enforcement agency whatever. The Committee believes that enforcement should be entrusted to



an independent administrative agency capable of ensuring the filing of returns, and of checking their veracity. The agency then should report on the sums spent, *in toto* and in detail.

Under present circumstances it is difficult to determine exactly what figure is to be considered ideal in regard to candidates' expenses, for customs and constituency sizes vary from one region to another, and a sum that would be adequate in one electoral district might be too small in another. The costs of communications also vary from one riding to another. The setting of limits on candidates' expenses might eventually be considered if it seems evident from filed reports that candidates have incurred exaggerated expenses. As a first step, however, the Committee inclines to the view that the publicity given to accurate reports on election expenses will probably prove, in itself, a sufficient control.

### 3. EXPENDITURES BY POLITICAL PARTIES

Before discussing proposed limitations on the expenditures of political parties, the Committee must comment, first on the legal status of political parties, and then on their need to spend money.

(a) *Legal recognition of political parties:* The Parliament of Canada has never granted legal recognition to political parties, except as noted below, nor officially acknowledged their existence. But political parties do exist, and administrative agencies have to act as if they do. Thus the Chief Electoral Officer, in preparing the list of candidates for the use of the Armed Forces, indicates the political affiliation of each candidate, and now lists party affiliation in his report to Parliament after each general election. The Canadian Broadcasting Corporation also recognizes the existence of political parties, using this description in its Program Policy Manual No. 65-1 (referred to as the *White Paper*) as revised to January 19, 1965, that in default of a precise definition, the Canadian Broadcasting Corporation understands that a national political party must meet the following conditions: (i) it must have a policy program in regard to a great many matters involving the national interest; (ii) it must have a nationally recognized leader; (iii) it must have a national organization set up as a result of a national conference or convention; (iv) it must have representation in the House of Commons; (v) it must appeal for voters in at least three provinces, and present a candidate in at least one of every four ridings.

The development of the Canadian democratic system seems to the Committee to require that legal recognition be extended to political parties. This would inevitably mean that political parties would not only enjoy legally recognized rights, but would equally incur legal obligations.

(b) *The obligations incumbent upon political parties:* Political parties in a modern democracy have precise obligations: one of these obligations is to keep the people informed, on a nation-wide scale, about national problems and their proposed solutions. Naturally, this social role as political educators involves parties in expenditures. They must use the best possible means of



communication: television, radio, and the press. Because Canada is such a vast country, and because the population comprises, in the main, two major ethnic groups, the use of these media means expenditures running into millions of dollars. The Committee does not have precise figures on the extent of expenditures incurred by political parties. But judging from the expense lists which political parties have made available to the Committee on a confidential basis, and its research into the fields of television, radio and the press, it seems reasonable to conclude that the national parties' organizations spend in excess of eight million dollars in a national election campaign. This estimated figure includes funds which are given by the national parties directly to support their candidates. Supplementary to this total should be added a similar amount raised and expended by or on behalf of the candidates themselves. The estimated total expenditures would approach \$16 million exclusive of those funds expended by the state itself and its agencies.

However, to ensure that no abuse of funds occurs, it is the Committee's opinion that parties should have official agents just as candidates do, with the same rights and responsibilities as candidates' official agents; i.e., any political party wishing to incur expenses should appoint one or more official agents who would have the sole right to incur expenses on the party's behalf. The agent should report on party expenditures both on an annual basis, and following each election; and the report should reveal totals and details. The reports should be submitted to, and checked by, an administrative agency, and the agency should then publish its summarized findings.

What the Committee suggests is a simple control mechanism, of a type whose usefulness has already been demonstrated (though weakly) in regard to candidates. It is the Committee's opinion that the principles involved in the doctrine of agency should be extended and strengthened so that non-production of a report or submission of incorrect reports, for example, would result in severe penalties.

Related to the topic of responsibility for expenditures is that of limitations on expenditures. In the Committee's view, the establishment of simple ceilings on total expenditures would under the present circumstances be almost impossible to enforce. The Committee suggests that as a first step reports on expenditures, and the attendant publicity, (provided the system adopted is rigorous enough), would oblige parties to put wise limits on their expenditures. Should political parties incur exaggerated expenditures, the electorate will be in a position to reach its own conclusions.

A few words should be added on electoral expenses incurred by the state. In 1958, the cost of a general election was \$9,451,076; in 1962, \$10,898,486; in 1963, \$12,463,203; and in 1965, \$12,974,456.35. These official expenditures cover the cost of electoral machinery: preparing the lists of electors, setting up polling booths, printing ballots, paying officials, etc. The free time allocations to political party telecasts and broadcasts by the Canadian Broadcasting Corporation must be added to the total costs. The Committee received numerous representations from people

who would like to see the state play a greater part in the expenditures occasioned by the democratic process. These people argued that parties and candidates should not be alone in bearing responsibility for the costs of a process which is for everybody's benefit, but that the state should allocate more free radio and television time than is now the case, and should subsidize the cost of the newspaper advertisements. This argument is a weighty one, and the Committee agrees that the state might help parties and candidates through specific subventions, such as free use of the mails for sending out election literature, more free radio and television time, and a basic subsidy to cover information printed in newspapers and handbills.

In summary, the Committee believes that political parties should have a legal existence; that official agents must be appointed to act on behalf of parties, just as official agents are appointed to act on behalf of candidates; that the present law and suggested amendments must be brought fully into force with strong penalties for evasion; that some essential expenditures should be borne by the state; and that an independent administrative agency should be set up, responsible to Parliament, to ensure that the law is carried into effect, and to publish expenditures incurred by political parties, candidates and the state, so that electors may know what the democratic system costs them.

## *B. The Need to Amend the Law Concerning Political Funds*

### 1. THE NEED FOR FUNDS

The Committee has already established its acceptance of the fact that political parties and candidates need funds. The next matter to explore is the source of funds. Where, in short, did candidates get the money to pay the \$5,173,045.40 which they reported having spent in 1965? Where did parties and candidates get the money to defray the \$1,211,973.91 paid for radio and television time, and the \$1,191,759 spent to purchase newspaper space, in 1965? The Committee had little difficulty in discovering that sources of funds for political parties and candidates are shrouded in mystery.

The Pacific Scandal in 1873, and the Beauharnois Scandal in 1931, and some less spectacular episodes, provided revealing information about one way of raising electoral funds that obviously cannot be encouraged. The opposite way of raising funds, i.e. honestly and openly, has received remarkably little attention from Parliament, and it is to this subject we now wish to turn.

### 2. THE CANDIDATES' POLITICAL FUNDS

Where do candidates find the money to pay election costs? Evidence gathered by the Committee indicates that a candidate receives up to several thousands of dollars from his party, and adds to this sum contributions from business firms, trade unions, individuals, collections, dues and sometimes

benefit dinners. In the last election campaign, most candidates admitted they had had a difficult time getting enough money together to conduct a suitable campaign.

The Committee finds this alarming, and believes that electors should be encouraged to bear a heavier burden of the expenditures occasioned by political campaigns. Candidates generally have never made much effort to gather modest contributions from a large number of electors. On the contrary, our evidence shows that they attempt to get large contributions from a few sources.

In order to help candidates who have attempted to reverse this trend and achieve broader financing, the Committee believes that larger numbers of electors should be encouraged to make modest contributions to the candidate of their choice, through fiscal measures; i.e. sums made available to candidates by electors should be deductible for income tax purposes. Obviously such a deduction could be allowed only within reasonable limits. But the Committee is unanimous in holding that a reasonable contribution to help make the electoral system work is deserving of encouragement through taxation measures.

For the same reasons, the Committee is of the opinion that the state should encourage the use of the informational media most useful in campaigns. The state should, as in some other states, assume postal charges on informational documents explaining the candidates' programs. The state should encourage the use of newspapers by reimbursing to all candidates a sum, calculated according to the number of electors, to be paid on vouchers showing the actual use of newspaper advertising. The state should accept part of the expenses for radio and television time, to permit all candidates to be in closer touch with electors. Should Parliament accept these principles, the parties and candidates will be freed from reliance on special interests, and elected members will be freer to perform their duties in the general interests of the people as a whole. The Committee also believes that it is desirable to accept the principle of the subsidy, in order to assure an element of financial equality as between candidates.

Present legislation provides that each candidate's official agent shall alone receive campaign fund contributions, and that the agent shall report on all contributions received; a summary of the report is published at the candidate's expense in a local newspaper. The Committee believes that this is good legislation and should be kept and strengthened. Measures must be provided to apply it, because in practice, as is shown above, many agents make no report on funds contributed; and reports which are made are often incomplete, particularly in regard to sources. The administrative agency suggested above should therefore be entrusted with applying the relevant legislation on sources of funds. The agency would then report to Parliament on subsidies paid by the state, contributions from business firms, trade unions, individuals, etc., in the same way that the Committee proposes it should report on expenditures.



### 3. POLITICAL PARTY FUNDS

It is the Committee's opinion that measures should be adopted for political parties similar to those suggested above for candidates. Parliament should encourage electors to grant financial support to the party of their choice. This encouragement should take the form of a reasonable income tax deduction.

Some witnesses before the Committee would go much further than this, and favoured direct state subsidies to political parties. While agreeing that subsidies would free political parties from allegiance to private interests, the Committee concluded that its own solution will promote greater participation by electors in the affairs of state. Through tax incentives, the elector would himself choose the political party he wants to encourage; in a system of state subsidies the money is distributed among political parties according to some impersonal formula. The Committee also received some evidence that direct state subsidies to parties could have a debilitating effect on party organization and individual interest and participation.

However, the Committee does consider that indirect subsidies in the form of free radio and television time, should be extended. The necessary use of these informational media costs both candidates and parties many hundreds of thousands of dollars, and the Committee favours controls on such use. The Canadian Broadcasting Corporation provides political parties with free time allocated according to an understanding among the parties (or, where no understanding can be reached, according to allocation fixed by the Canadian Broadcasting Corporation with appeal to the Board of Broadcast Governors whose decision is final). The Committee considers this an acceptable formula, but believes further that the obligation to provide free time that is accepted by state radio and television services should also be accepted by private radio and television stations which are granted the use of the public airwaves. Free radio and television programs should be sufficient to provide the voting public with all the facts needed to cast a judicious vote. The purchase of radio and television time by parties, beyond the free time provided, should be forbidden.

The Committee believes that, as with candidates' agents, the parties' agents should solely be empowered to make expenditures on each party's behalf, and solely empowered to receive contributions and report on them. As above, the reports would be submitted to the independent agency suggested, and the latter would audit the books and publish a summarized list of funds which should be made available to Parliament and printed in the *Canada Gazette*.

The disclosure of funds and their sources seems to the Committee to be indispensable if the electorate is to have confidence in the democratic system. It is emphasized that with the best legislation in the world nothing will be changed if candidates and their parties do not assume their responsibilities, or are the first to violate the laws. For this reason the Committee has concluded that enforcement of the law must be a specific duty of an administrative agency as suggested in this chapter.





# 4

## RECOMMENDATIONS

The Committee's recommendations are based on seven main considerations, each of which is stated below in summary form, then expanded in detail.

- I. Political parties should be legally recognized and, through the doctrine of agency, made legally responsible for their actions in raising and spending funds.
- II. A degree of financial equality should be established among candidates and among political parties, by the extension of certain services and subsidies to all who qualify.
- III. An effort should be made to increase public participation in politics, by broadening the base of political contributions through tax concessions to donors.
- IV. Costs of election campaigns should be reduced, by shortening the campaign period, by placing limitations on expenditures on mass media by candidates and parties, and by prohibiting the payment of poll workers on election day.
- V. Public confidence in political financing should be strengthened, by requiring candidates and parties to disclose their incomes and expenditures.
- VI. A Registry under the supervision of a Registrar should be established to audit and publish the financial reports required, and to enforce the provisions of the proposed "Election and Political Finances Act".
- VII. Miscellaneous amendments to broadcasting legislation should be enacted to improve the political communications field.

## I. RECOGNITION OF POLITICAL PARTIES

Federal legislation on electoral matters in Canada is distinguished by its failure to recognize formally that political parties exist. The *Canada Elections Act* (S.C. 1960, c. 39 as amended), carefully avoids the question of political parties. A study of the legislation would lead one to believe that those who drafted the legislation envisaged contests in each constituency among a series of independent candidates.

An apparent exception to the general rule may be found in Rule (2) of Schedule "A" to section 17 of the *Canada Elections Act*, which deals with urban enumeration: "The returning officer shall, as far as possible, select and appoint the two enumerators of each urban polling division so that they shall represent two different and opposed political interests." This is qualified immediately by Rule (3)(a), which gives power to nominate such enumerators "to the candidate who, at the last preceding election in the electoral district, received the highest number of votes, and also to the candidate representing at that election a different and opposed political interest, who received the next highest number of votes."

*The Canadian Forces Voting Rules* also recognizes parties. Section 16 of these rules reads:

- 16 (1) As soon as possible after the nominations of candidates at the general election have closed, on the fourteenth day before polling day, the Chief Electoral Officer shall transmit a sufficient number of copies of a list of the names and surnames of the candidates officially nominated in each electoral district to every special returning officer.
- (2) Upon the list referred to in subparagraph (1) shall be inserted after the names and surname of each candidate the designating letters currently used to indicate his political affiliations.
- (3) The designating letters shall be ascertained from the best sources of information available to the Chief Electoral Officer.

It has become increasingly difficult to continue the myth that political parties do not exist and are not a vital part of our form of government. In 1963, an amendment was made to section 42 of the *Senate and House of Commons Act*, (R.S.C. 1952, c. 249), by adding the following:

- (2) There shall be paid to each member of the House of Commons, other than the Prime Minister or the member occupying the recognized position of Leader of the Opposition in the House of Commons, who is the leader of a party that has a recognized membership of twelve or more persons in the House of Commons, an allowance at the rate of four thousand dollars per annum in addition to the sessional allowance payable to such member.  
[Statutes of Canada, 1963, c. 14, s. 3].

In 1965 the House of Commons adopted provisional Standing Order 15 (2)(a) in regard to the right of Opposition Leaders to reply to statements made in the House of Commons by Ministers of the Crown; it reads in part, "A spokesman for each of the parties in opposition to the government may comment briefly . . ." This provisional Standing Order was interpreted by the

Speaker of the House of Commons on February 18, 1966, (Canada *House of Commons Debates*, page 1435) “as permitting comments on ministerial statements by the Leader of the Official Opposition and by spokesmen for the New Democratic Party, the Ralliement des Cr ditistes and the Social Credit Party.”

The basic practice followed in selecting a Prime Minister results from the Crown’s awareness of the existence of specific political parties and their leaders. Likewise the choice of the Official Leader of the Opposition flows from the recognition of the existence of political organizations. Yet it appears that Parliament has deliberately avoided official recognition of political parties, although in fact the parties have a paramount influence on the outcome of elections and the day-to-day functions of Parliament.

Once the importance of political parties is admitted, there is a need to make them responsible for their actions. To limit or control party activities in election campaigns, some special group or leader must be made accountable. Because of the nature of Canadian parties it appears that only the doctrine of agency can be invoked to bring about the desired result.

Registration  
of Parties

*The Committee therefore recommends that:*

Each national political party which intends to nominate candidates to contest future federal general elections or by-elections be required to register formally in the form prescribed by the Registry proposed below in Section VI of this Chapter. Each political party should be required to register the name of the recognized leader of the party, the members of the national executive, the party’s exact name, the address of its offices where its records are maintained, and its official financial agent. The party agent should be required to file reports and information with the Registry, as provided by the enabling legislation and in accordance with its provisions. Failure of a party to register officially with the Registry should disqualify it from receiving any benefits recommended in this Report, and its candidates should be described on official ballots only as “independent.”

The Registrar must clearly look to specific individuals for exact and full disclosure of income and expenditures in each political campaign. The concept of responsibility, by public reporting or disclosure and limitation, would be defeated if the financial agent of the candidate or party were permitted to plead that certain expenditures were made without his permission or knowledge. Anything less would result in a mockery of the legislation, such as already exists to some extent at the candidate level. The

Doctrine  
of Agency



Committee realizes that disclosure may necessitate changes in party structure, in order that official agents may be made aware of all transactions, but regard it as vital to the policing of the regulations as recommended.

*The Committee therefore recommends that:*

The doctrine of agency between agent and candidate, and between agent and party, be fully applied. There should be full and exact disclosure to the Registry, by the financial agent, of candidate and party income and expenditure.

Party Name  
on Ballot

The Committee received considerable evidence that substantial amounts of money may be expended by a candidate to identify him with his political party and its leader. The expenses take the form of posters, sample ballots, mailed notices, bumper stickers, spot advertisements on radio and television, and display advertisements. Further, it is not uncommon for candidates nominated in a particular constituency to have the same or similar names. In the absence of identifying party labels on the ballot, such similarity may greatly increase candidates' expenditures solely to clarify their identity.

*The Committee recommends that:*

The party affiliation of the candidate should be included on the ballot following the candidate's name, address and occupation. Provision should be made for any candidate not so affiliated to be described as an "independent."

When a candidate files his nomination papers with the local returning officer he should file a consent in writing signed by the registered leader of his party, or a party official designated by the leader. Failing such consent, the returning officer should designate the candidate as "independent."

## II. SUBSIDIES

### A. *Subsidies to the Candidates*

Considerable evidence was adduced suggesting that lack of finances eliminated many serious candidates from seeking election in the federal field. Modern election campaigning relies heavily on the use of the mass media, which is extremely expensive to the politicians. The Committee therefore considers it desirable that certain basic necessities of a minimal election campaign receive public support, so that all serious candidates may be provided with an opportunity to present their views and policies to the electorate.

The Committee has no intention of suggesting that the public pay the costs of an extensive or extravagant campaign. In sharp contrast to the system in some jurisdictions where funds are made available to candidates for whatever purposes they determine, the Committee is unanimously agreed that subventions should be made available only toward the basic requirements of communicating with the electorate. The Committee also agrees that public funds should be used only to assist the serious candidate who has reasonable support in his constituency.

On the basis of this belief, the subsidies hereafter recommended (except that concerning free mailing) should be available after each election, only to those candidates who obtain a minimum of 15% of the valid votes cast. Those receiving fewer votes should receive no financial aid (with the exception of mailing). All those receiving the minimum support of 15% should be compensated equally.

*The Committee recommends that:*

Each candidate whose name appears on the ballot be reimbursed for the postage costs of mailing one item of literature to every elector in his constituency, provided that the item does not exceed a weight of more than 2 ounces for householder unaddressed mail, or 1 ounce for first class letter mail. Free Mailing

A candidate who becomes qualified by receiving a minimum of 15% of the valid votes cast be reimbursed with a sum equal to 2 cents for every elector on the Official List of Electors toward his proven expenses in purchasing space or time in any communications media, including radio, television, newspaper and periodical advertising, posters, billboards, printed pamphlets or brochures. The media should be considered together, so that a candidate may not claim one full subsidy for television advertising, for example, and a second for newspaper advertising. Each candidate should be required to support his claim for compensation with vouchers proving his expenditures to the satisfaction of the Registry proposed below in Section VI. He should also have filed his statements of receipts and disbursements in the form recommended in Section V below, dealing with disclosure. Media Subsidy

The Committee received evidence that candidates undertake considerable expense in printing and mailing a notice late in the campaign advising each elector of the address or location of the poll at which he was entitled to vote. This notice is commonly referred to as a "you vote at" card. Many experienced campaigners consider that the present method of sending an Provide "You Vote At" Cards

official notice from the returning officer to each elector in the form of a copy of the preliminary List of Electors is mailed too early in the campaign (23 days before the polling day), and is in a form not designed to replace a "you vote at" card. The notice is mailed only to urban electors, and only to those who are on the List. Thus there seems little merit to the claim that the present system assists in making certain that names have not been left off the preliminary List of Electors.

*The Committee recommends that:*

The present practice of mailing a copy of the preliminary List of Electors to urban electors be discontinued, and replaced by an official notice in the form of a "you vote at" card mailed to each elector, both urban and rural, during the last five days of the campaign, advising the elector of the location of the polling booth in his subdivision, and the hours of polling. The card should also list the nominated candidates, with their descriptions as set out on the official ballots.

*The Committee further recommends that:*

If the foregoing recommendation is accepted, the candidates and parties be prohibited from duplicating the service.

A high percentage of private television and radio stations have in the past made available a portion of time to local candidates during election campaigns. The broadcasters have apparently felt that it was an obligation on them to offer time as a public service. The Committee is agreed that this desirable practice should continue, but believes that a measure of uniformity is needed. The uneven distribution of the Canadian population and the location of broadcasting stations, however, means that uniformity would be difficult to legislate.

The Committee recognizes that if each constituency were serviced solely by particular broadcasting outlets, specific time requirements could be determined with fairness to each candidate. In fact, there are a number of constituencies serviced by broadcasting outlets which are outside the boundaries of the constituencies they serve, and have only marginal reception within the constituency in which they are located. Conversely, a different problem is present in metropolitan centres such as Montreal, Toronto and Vancouver. In these centres even a minimal requirement of exposure for each candidate seeking office would literally flood the air with wasteful election propaganda that would be certain to be unacceptable to the public. Furthermore, such broadcasts would probably serve no more than limited purposes since most of the audience at any one time would reside in a different constituency from the particular candidate on the air.

The Committee urges that local broadcasters continue to make free time available to local candidates seeking election within their main broadcasting area.

*The Committee recommends that:*

Wherever offered, such time should be divided equally between candidates.

In multi-constituency metropolitan areas, or in rural areas where one station covers a number of constituencies, spokesmen for the local candidates representing opposing political parties be given equal time to present their views.

*B. Subsidies to Political Parties*

The Committee is satisfied that the increasing use of broadcasting media constitutes the greatest contributing factor to rising costs of campaigning. The Committee also accepts the view that these media operate in the public domain, and should be used for the public benefit. The Committee is concerned that, barring the imposition of controls, the cost to the parties of conducting national campaigns through the broadcasting media, especially television, will continue to rise. Fortunately, the public nature of these important media of communication makes it possible to assist political parties by relieving them of a substantial financial burden, and at the same time to limit the use of the media to reasonable proportions.

Subsidized  
Broadcasting  
for  
Parties

Having concluded that political parties should not assume the broadcasting costs for their national campaigns, the Committee is faced with three problems. (a) What total amount of broadcasting time should be allocated to the political parties during a general federal election campaign? (b) How should time be divided equitably among the parties? (c) What payment (if any) should be made for the broadcasting time allocated to the political parties?

(a) In fixing the total amount of time to be allocated for a general election campaign, the Committee was guided by statistics it has gathered on the amount of free broadcast time which was made available, and the amount which was purchased, during the campaign for the election on November 8, 1965. The Committee also has information on the amounts of broadcast time considered ample in other jurisdictions. Two other considerations were also kept in mind: the need for a shorter campaign as recommended in Section IV of this Chapter; and the amount of political broadcasting which would be acceptable and palatable to the Canadian public.

Broadcasting  
Time



*The Committee recommends that:*

A total of six hours of prime broadcast time in the four weeks preceding polling day should be allocated among the duly registered national parties on each public and private network, and on network-affiliate and independent radio and television stations, free of cost to the political parties.

With respect to the above recommendation the Committee recognizes that some limitation will have to be imposed on the use of what are called "spot announcements" by the political parties.

The Committee's inquiries indicate that there are five broadcasting networks: the publicly owned television and radio networks of the Canadian Broadcasting Corporation, both of which broadcast separately in English and French; and the privately owned CTV Television Network Ltd. These networks, and any future networks, should be required to make available their network facilities, including their own stations and affiliates, for the studio production, distribution, and broadcasting of the six hours of party programs. The remaining unaffiliated independent radio and television stations would likewise each make available a total of six hours of broadcast time and facilities. In the case of the Canadian Broadcasting Corporation, these requirements would include its Northern relay service.

(b) The equitable allocation of the broadcast time to be made available among the political parties is a matter of paramount importance. The Committee was impressed by the manner in which this complex problem has been dealt with in the past through negotiations between the political parties and the Canadian Broadcasting Corporation, and the nonpartisan role played by the Board of Broadcast Governors.

The Committee regards these interparty accords under the aegis of the Canadian Broadcasting Corporation as superior to any arbitrary formula setting down percentages which could, with the shifting political fortunes of existing parties, or the emergence of new parties, work unforeseen inequities. The criteria used by the Canadian Broadcasting Corporation in the past, such as previous representation in the House of Commons, number of candidates, percentage of popular vote polled, etc., appear adequate to deal with the problem of allocation of time.

*The Committee recommends that:*

The Canadian Broadcasting Corporation, as the body with experience in negotiating the allocation of broadcast time among political parties during campaigns, continue to act in this capacity. If the parties and the Canadian Broadcasting Corporation should fail to reach agreement on the division of time, an appeal

Allocation  
of Time

should be allowed to the Board of Broadcast Governors, whose decision would be final and binding on the disputants.

The allocation of time reached by agreement with the Canadian Broadcasting Corporation, subject to the appeal to the Board of Broadcast Governors, should be the formula for the allocation of time on other networks and independent stations.

(c) The Committee is aware that, in its effort to reduce the financial burden of broadcasting on the political parties, it may have given the impression that it is recommending that the costs be transferred to the broadcasters. The Committee recognizes, as do the broadcasters, that broadcasters operate media which fall under the public domain, and thus have an obligation to provide some public service. But it does not appear just or equitable to the Committee that the broadcasters should be called upon to bear all the costs of political broadcasting in addition to losing normal commercial revenue from the time allocated to the parties.

Payment  
for  
Broadcast  
Time

*The Committee recommends that:*

The broadcasters, as a condition of license, shall be expected to provide without compensation 50% of the broadcast time allocated to political parties.

The broadcasters shall be permitted to charge the Registrar of Election and Political Finance for the remaining 50% of the commercial value of the six-hour requirement, and that such partial compensation be based on the published regular standard rate for the time involved, so that no special political rate is levied.

No time beyond the six hours of broadcast time provided shall be purchased by the political parties, as set forth in Section IV of this Chapter.

### III. METHODS TO BROADEN THE BASE OF POLITICAL GIVING

As indicated in Chapter Three, the Committee believes it is highly desirable to broaden the base of financial support for parties and candidates. Studies made for the Committee of financial support of Canadian politics by the general public indicate that the support is minimal. The largest parties, the Liberal and Progressive Conservative, have sporadically attempted to increase their incomes by membership drives. The results of these drives constituted only a token proportion of the money raised from corporate and business sources. A more successful effort to support a national political party by membership has been attempted by the New Democratic Party, following the practices of its predecessor, the Cooperative Commonwealth

Federation. But to compete in the type of campaign apparently required in Canada now, the New Democratic Party too has resorted to the need for larger political donations, in its case from trade unions.

The problem of broadening financial support for politics is not unique to Canada and it was found in other democracies visited by the Committee. A variety of methods has been utilized in an attempt to broaden their financial base. These methods have varied from tax concessions, as in West Germany, to direct subsidy, as in Puerto Rico, and recently initiated in Sweden and the Province of Quebec.

The Committee finds a paradox in the public's passive tolerance of the dangers inherent in financing political parties by a relatively few large donors. Clearly, the greater the number of people involved in a party's financing, the less the dependence on a few big interests, and the greater a party's freedom of action in pursuit of what its members conceive to be the public interest. The Committee heard suggestions that the failure of public financial support for parties is the fault of the parties themselves. Their failure to discuss their finances openly, and to disclose their incomes and expenses, have contributed to the mystery surrounding party finance, with the result that the general public considers party treasuries to be bottomless pits in no need of assistance.

Contributing to the generally unfavourable light in which political finance is held has been the fact that donations to campaign funds are not recognized as legitimate deductions under the income tax law. While Parliament has recognized a multitude of other worthy causes as deserving of public support and encouragement under income tax legislation, a contribution to a political party, which goes to the root of our democratic practice, is not so recognized. Possibly in keeping with Parliament's attitude, it is noteworthy that no national drive, either partisan or nonpartisan, so far as the Committee can discover, has ever been launched in Canada to enlist the power of the press and broadcasting media to impress on the general public its responsibility to support political institutions. The Committee was interested to learn that sporadic attempts in the United States, such as "Dollars for Democracy" have met with some success, admittedly limited. Nevertheless, there is no reason for Canadian political leaders to be discouraged about such campaigns, as any such program would necessarily have to be extended over a considerable period to educate the public on the merits of the program, and to overcome inertia.

The Committee has concluded that there is merit in a tax incentive, in the form of a graduated income tax credit system to be established for personal income taxpayers. The credit should vary with the size of donation made by an individual, with a ceiling of \$300 for a donation to a federal candidate in an election year, or to a registered national political party in any year. The Committee favours no tax credit for donations over \$300, but it does believe that a tax credit for smaller contributions is worth experimenting with, as an incentive to encourage small donations.

*The Committee therefore recommends that:*

A personal income tax credit be instituted for donations to candidates for a federal election in an election year or to a national party in any year.

The donor be entitled to a credit against his actual tax payable as follows:

<i>Contribution</i>	<i>Credit</i>
\$1 to \$20	50% of the contribution
\$21 to \$100	40% of the contribution
\$101 to \$300	30% of the contribution

It should be noted that this tax advantage is recommended only for personal taxpayers, and not for corporate or nonresident taxpayers. The Committee considers the tax credit to be an encouragement to the individual to involve himself in political activity, as well as a fund-raising device.

To prevent abuse of these tax advantages, and to insure proper disclosure of contributions, it is necessary that a limited number of recipients be entitled to grant official receipts to the donor and receive the funds.

*The Committee recommends that:*

For donations to candidates, individual donations which would be recognized for tax credits should be made payable by cheque or money order directly to the official agent of a candidate and the receipt signed by such agent.

For donations to a political party, payments should be made by cheque or money order to the National Party Organization (not to local or provincial associations of the party); the official receipt for tax purposes to be signed by the financial agent of the party or his nominees as registered with the Registry proposed below in Section VI of this Chapter.

IV. LIMITATIONS

The Committee now turns to the two main aspects of the control of election finance: the limitation on income, and the limitation on expenditure.

*A. Limitation on Income*

The Committee studied carefully the various theories which were advanced concerning limitation on income, and the practices in other jurisdictions. Arguments were advanced that unusually large contributions should be



prohibited. Evidence adduced before the Committee, and the Committee's researches, established that limitation on size is simply and easily evaded; a large donation, for example, can be divided among a number of token contributors, thus defeating the principle. Further evidence was received that certain categories of organizations should be restricted from financial participation in election campaigns. Here too research indicated how ingenious such donors can be in defeating such restrictions where they have been attempted.

The Committee is convinced that political parties must have sufficient funds to perform their vital functions of providing political leadership, education and research. Any restrictions on legitimate sources of income, without adequate alternative funds, would simply increase the difficulties they now face. The Committee also believes that one has not only a right to contribute to the party of one's choice, but a duty in the pursuit of which an elector should be encouraged rather than restricted. The Committee concluded that existing abuses in the field of contributions can be curtailed if not eliminated by the cleansing effect of audit and disclosure.

*The Committee recommends that:*

No  
Restrictions  
on Donors

No restrictions as to size or source of political contributions be initiated, and all individuals, corporations, trade unions and organizations be encouraged to support the political party of their choice.

Any legislation giving effect to the foregoing recommendation should clearly protect the right of donating to parties, so that any existing or future provincial legislation could not be interpreted as limiting the right of participating financially in federal elections, or of supporting federal political parties.

*B. Limitation on Expenditure*

Shorter  
Campaign  
Periods

Modern communications and transportation, in the Committee's view, render unnecessary the present length of campaigns. The duration of campaigns now not only imposes a heavy burden on the finances of the parties and candidates, but also on the stamina of the leaders and candidates as well as the electorate.

The Committee recognizes that the time necessary to enumerate electors under the present machinery may make it impossible to shorten the period between the issuance of the election writ and polling day, without the introduction of a permanent List of Electors. The Committee also recognizes that considerable planning and preparation are required by parties and candidates immediately following the dissolution of Parliament, and there is no intent on the part of the Committee to suggest a restriction on this type of activity during any prescribed period. The Committee suggests, however, that the campaign period need not coincide with the period needed for the establishment of the election machinery.

*The Committee therefore recommends that:*

Parties and candidates be prohibited from campaigning on radio and television, and from using paid print media including newspapers, periodicals, direct mailing, billboards and posters, except during the last four weeks immediately preceding polling day.

The Committee does not intend the foregoing recommendation to be interpreted as prohibiting the holding of organizational meetings, nominating conventions, and reasonable advertisement and announcement of them. Similarly exempted from prohibition should be the use of mail directed to convention delegates by candidates seeking the party nominations, and the usual free time now provided between elections on radio and television for the discussion of public affairs.

The Committee believes that a body of evidence presented to it supports the need to make recommendations for some form of control of, and limitation on, election expenditure. The Committee does not, however, accept the argument that these controls can be effectively placed on the total expenditure of a candidate. A total dollar limitation is inviting by its simplicity, but meaningless in practice. A total dollar limitation appears hopelessly inadequate in evaluating volunteer support in work or services. It is also the Committee's contention that any attempt to place such a limitation could be easily circumvented. Controls and limitation, in the Committee's opinion, should apply only to those items which can be traced and proved, i.e. the public media whose use can be policed, so that controls will be meaningful.

Limitation  
on  
Candidates

*The Committee recommends that:*

A candidate should be prohibited from expending in excess of 10 cents per elector on the revised List of Electors in his constituency, on the print and broadcasting media which include television, radio, newspapers, periodical advertisements, direct mail, billboards, posters, and brochures.

Candidate  
Limitation  
on use of  
media

Even if the foregoing recommendation is accepted, there remains the danger of a breach of the candidate's expenditure limitation if the national parties, or *ad hoc* committees or other organizations, were permitted to campaign in the name and on behalf of the candidate. It is obvious therefore that these groups must also be restricted in expenditures.

Restriction  
on Parties  
and Com-  
mittees in  
Support of  
Candidates

All party publicity is intended to assist and create a political climate beneficial to its candidates. If political parties or others are to use the mass media in direct support of the election of a particular candidate, it is imperative that such expenditures be included in the costs of the individual candidate, and be subject to the limitations as set out above. It is not the

Committee's intention to dictate the type of advertising a party may undertake, but only to prevent a party indirectly breaching the candidate's limitation.

General party publicity should not be charged to the individual candidate unless the public is urged to support a specific candidate by name or constituency. This is especially applicable to broadcast time used by party leaders, who will themselves be candidates in specific ridings. The appearances of such party spokesmen on "free time" broadcasts which are in support of the party as a whole should not be charged to their own constituency limitation. This distinction between general party publicity and direct candidate support, it may be noted, has been effective in the United Kingdom for many years, and no difficulty is anticipated in its application to Canada.

The Committee is aware that many corporations, trade unions, professional and other groups take a lively interest in political activity and political education. To a large extent these organizations lie outside the structure and control of the political parties which they directly or indirectly support. Many have public educational programs and projects which attempt to create a climate either in support of, or opposition to, a political party. The Committee has no desire to stifle the actions of such groups in their day-to-day activities. However, the Committee has learned from other jurisdictions that if these groups are allowed to participate actively in an election campaign any limitations or controls on the political parties or candidates become meaningless. In the United States, for example, *ad hoc* committees such as "Friends of John Smith" or "Supporters of John Doe" commonly spring up to support a candidate or party. Such committees make limitation on expenditures an exercise in futility, and render meaningless the reporting of election expenses by parties and candidates.

The Committee recognizes that restrictions on all such organizations during election periods may encroach to some extent on their freedom of action, but without such restrictions any efforts to limit and control election expenditure would come to nothing.

*The Committee recommends that:*

No groups or bodies other than registered parties and nominated candidates be permitted to purchase radio and television time, or to use paid advertising in newspapers, periodicals, or direct mailing, posters or billboards, in support of, or opposition to, any party or candidate, from the date of the issuance of the election writ until the day after polling day.

Nothing in the foregoing is intended to suggest the restriction in any way of the normal news and public affairs broadcasts of radio and television stations, or the news reporting and editorial opinions of any established newspaper or periodical.



The Committee was pleased to learn that in large areas of Canada political parties have, of their own volition, taken action to stop the traditional practices of paying poll workers, scrutineers, and car drivers, and paying for transportation of electors. Unfortunately there are regions where these costly and questionable practices still flourish. The Committee believes that these practices approach vote buying and corruption of the elector through the improper use of money.

Prohibited  
Payments:  
Workers,  
Trans-  
portation

*The Committee recommends that:*

The payment of anything of value to a scrutineer, or to a candidate's official agent at a poll, or to anyone providing transportation of voters to the polls, be made an illegal practice subject to severe penalties.

The receipt of anything of value for performing any of these named services be made a punishable offence.

Evidence was presented to the Committee that considerable sums are expended by parties and candidates on public opinion polls which are alleged to have propaganda value in the closing days of an election campaign. Polling surveys of this type are often urged on a candidate, thus increasing his costs, to off-set the purported results of an opponent's polling of public opinion. The Committee sees no purpose in prohibiting parties and candidates from using such surveys for their private purposes only, but considers their uncontrolled use for public purposes improper, and thus an unnecessary expense to parties and candidates.

Public  
Opinion  
Polls

*The Committee recommends that:*

The publication for public consumption of the results of any such poll, from the date of the issuance of the election writ to polling day, be prohibited. The prohibition of publication should include not only private polls arranged by parties or candidates, but polls conducted by any other organization during the same period.

The deposit of \$200, which is now required of each candidate to discourage the frivolous, should, in the opinion of the Committee, be retained. The Committee considers, however, that the conditions governing the return of the deposit to candidates are too onerous, in elections where several candidates commonly contest each constituency.

Deposit

*The Committee recommends that:*

The requirement that, to qualify for return of his deposit, a candidate gain 50% of the vote obtained by the winner, be amended to permit the return of the deposit to any candidate who receives  $\frac{1}{3}$  or 12 $\frac{1}{2}$ % of the total valid votes cast in his constituency.



The Committee received a considerable number of complaints from experienced campaigners regarding the rates charged for election advertising by newspapers and radio and television stations. It is the practice of some broadcasters and publishers to impose a special rate, or the high "national rate", on local candidates for the constituency campaigns. Complaints were also received that the parties were charged special higher "political" rates for their national election advertising. The Committee was also told that in certain circumstances a "favourite candidate" may receive discounts or free time not granted to his rivals.

*The Committee recommends that:*

The charging by a broadcaster or publisher, and the payment by a candidate, of more than the regular local rate as evidenced by the standard rate card for local advertising, be made an offence.

Broadcasters and publishers be prohibited from giving advertising free, or at a reduced rate, to any candidate if the same offer is not similarly and equally made to all other candidates in the same constituency.

The charging of more than the usual national rate for advertising by a political party in a newspaper or periodical be made an offence.

Newspaper and periodical publishers be prohibited from extending any preferential rate to any political party, if the same rate is not similarly offered to all other parties.

The Committee received during its extensive interviews little evidence of direct bribery, in the form of cash payments for votes. The Committee was alarmed, however, by the number of complaints in some areas of Canada where the giving of gifts at election time is a flourishing and expensive practice.

Such practices are obviously flagrant breaches of section 65 of the *Canada Elections Act*. Complaints were also received that candidates or their supporters paid voters their travelling expenses, or compensation for time lost from employment in order to vote. These payments are obviously contrary to section 73 of the *Canada Elections Act*.

Any new legislation to define and limit the expenditure of money in elections would be meaningless if such contempt for basic principles continued to be tolerated.

*The Committee recommends that:*

All existing corrupt or illegal practices covered by the *Canada Elections Act* and the *Dominion Controverted Elections Act*, be retained, with a vastly increased emphasis placed on the enforcement of the law.

As indicated above, the Committee's evidence showed that over the last decade the greatest increase in political party expenditure has been in the field of broadcasting. It was also evident that this area of expenditure promises to be an increasing financial burden in the future. At the risk of needlessly repeating arguments already presented, the Committee wishes to emphasize its view that to tolerate unlimited use of the broadcasting media, with their great power to mold public opinion, would permit great influence to be exerted by the party with the largest financial resources.

Elsewhere in this chapter the Committee has set forth its recommendations for a shorter campaign period, limiting the use of the mass media, and its recommendations for a subsidy of six hours of free broadcast time on each network and private station which should be divided equitably among the parties.

*The Committee explicitly recommends that:*

A political party be prohibited from purchasing or using any paid time on radio or television in addition to its share of the six hours of subsidized time recommended above.

## V. DISCLOSURE AND REPORTING

Much evidence was received by the Committee concerning the disclosure of receipts and expenditures of political parties and candidates.

The arguments in favour of disclosure generally appeared convincing. Disclosure would assist in educating the public on the need for involvement in the financing of the legitimate, though high, campaign expenses required in an increasingly complex political system. Disclosure also has a cleansing effect in politics, and acts indirectly to reduce campaign expenditures. The Committee was told that no candidates or parties would attempt to buy an election if the public were made aware of their tactics. The Committee also heard that the fear of public disapproval as a result of disclosure would reduce the possibility of a wealthy candidate overpowering his opponents by the sheer weight of money. Disclosure, the Committee was urged, would reduce the mystery surrounding political influence, and perhaps elevate the image of political parties and politicians.

On the other hand, the Committee was told that disclosure is an invasion of privacy, and a breach of the principle of the secret ballot, since a person would be presumed normally to vote for the candidate or party he supported financially. It was also suggested that the publication of a donor's contribution could subject him to embarrassment from his associates, his employer, and adherents of other political parties. It was argued that a person should be protected from these consequences on the same grounds as are used to support the secret ballot. It was also argued before the Committee that a financial contribution is not the same as the privilege of the

secret ballot, but an attempt to influence the votes or opinions of others, and thus a public act; electors are consequently entitled to know who is attempting to use financial resources to bring influence on their decisions.

The Committee listened with interest to the argument that total disclosure, particularly at the party level, would alienate contributors who would not want to be embarrassed or harassed by their political opponents for similar support. Drying up legitimate sources, the Committee was told, may well drive parties who desperately need funds to illegitimate sources willing to defy the law by not reporting contributions. Other witnesses expressed the fear that any new requirement for disclosure would only be circumvented and thus become meaningless. These witnesses pointed to the widespread evasion of the present requirements for candidates to report, embodied in section 63 (1) of the *Canada Elections Act*. The Committee, as made clear above, agrees that the present system is a failure.

The arguments both for and against disclosure have merit, but in the minds of the Committee's members the need for meaningful disclosure and reporting appears vital if any controls are to be introduced. Obviously, limitations could not be policed if no one could audit and check the income and expenditures of those to be restricted. In addition, if public funds are to be spent in support of political parties and candidates, the public has the right to know if the recipients needed the funds, and if the funds were expended for legitimate election purposes.

Therefore, in spite of the obvious shortcomings in the present disclosure law, the Committee is encouraged to retain the principle as it applies to candidates, and to extend it to cover political parties. The Committee believes that, provided a central Registry (as recommended below in Section VI) is established to receive and audit the reports, and provided the Registry is given sufficient power to prosecute those who breach its provisions, disclosure can be meaningful and advantageous.

*The Committee recommends that:*

1. Every registered financial agent of a registered national party be required to file with the Registrar of the Election and Political Finance Registry, annually, and within 60 days following any election, a statement of the party's income, showing:
  - (a) The total number of dollars received from private individuals.
  - (b) The total number of dollars received from corporations.
  - (c) The total number of dollars received from trade unions and associations.
  - (d) The total number of dollars received from foreign sources.
  - (e) The total number of donors in each category.

- (f) The total number of dollars received from all sources.

Similarly, a statement of disbursements be required to show:

- (a) Total dollars given by the national party to each candidate to assist in his or her local campaign.
- (b) Assistance given by the national party to provincial and regional party organizations for campaign purposes.
- (c) The total amount expended by the national party in each of the mass media, divided between daily, weekly newspapers, printed brochures, etc.
- (d) Total costs of the leader's tour or tours.
- (e) Other transportation costs by party spokesmen and officials.
- (f) Total costs of salaries and services.
- (g) Total costs of administration and miscellaneous.
- (h) Total expenditures for all purposes.

The parties' reports on receipts and expenditures should be audited by the Registrar proposed in Section VI, certified by him, tabled in Parliament, and published in the *Canada Gazette*.

- 2. Each party's annual statement of expenses should divide the expenditures into at least the following categories:
  - (a) Assistance given provincial or local party organizations.
  - (b) Travelling expenses.
  - (c) Costs of mass media.
  - (d) Salaries for administration.
  - (e) Salaries and expenses concerned with research.

*The Committee recommends that:*

Each candidate should, within thirty days after the election, through the official agent designated by him at the time of his nomination, file with the Registrar of Election and Political Finance (with a copy to the local returning officer), in the form prescribed by the Registrar, a sworn report of his campaign income and expenses showing:

- (a) The full name and address of each donor.

Financial  
Reports  
from  
Candidates



- (b) The amount of each contribution. If a donor is a local riding association, the names and addresses of all its donors should be listed together with the amount of each contribution received by it during a period of four months preceding election day, exempting only income from normal membership dues.
- (c) A list of the sources and amounts of loans made to the candidate or his agent.
- (d) Money or value promised but not received.
- (e) The name and address of every recipient of money expended in the candidate's campaign, together with an identification and description of the exact goods or services received for such payment in such form as may be required by the Registrar; all expenditures in excess of \$10 to be substantiated by a voucher filed with the Registrar at the time of filing the report.
- (f) The name and address of every person, association or corporation from whom goods or services were required, and a description of those which remain unpaid or under dispute.
- (g) A list of all donated goods and services, excluding time volunteered by the actual donor.

It is recognized that only post-election reporting is being recommended by the Committee. A strong case was made for pre-election reporting, as required in other jurisdictions such as Florida. However, the Committee considers that in the present situation meaningful post-election reporting will be sufficiently onerous, at least until parties and candidates become accustomed to the more refined standards of bookkeeping and accounting which will be required.

To carry out the recommendations of this Section, several subsidiary points must be made.

*The Committee recommends that:*

Registration  
of Party  
Canvassers

The names of the canvassers and others who solicit donations or funds for, or on behalf, of a national party, be registered with the Registry.

No such registration would be required for fund raisers who collect or solicit contributions for a candidate, provided that the funds so collected are deposited to the credit of the candidate's official agent for the use of the local candidate only and not transferred to other destinations in the party. The party fund raisers should file a report with the Registrar on the amounts collected by them annually, and following each general election, or at such

other times as the Registrar requires, setting out the amounts collected under the headings given in detail above.

To assist the Registrar in policing the limitation and reporting regulations, Reports  
from  
Broadcasters

*The Committee recommends that:*

- Each radio and television station and network should, within 60 days following an election, file with the Registrar of Election and Political Finance the following:
- (a) Total free time given to parties and candidates, showing a breakdown of time, date and length of broadcast, name of party, candidate or spokesman participating.
  - (b) Total subsidized time used by parties, showing time, date and length of broadcast, and rate charged.
  - (c) Total time sold to candidates, showing time, dates and length of broadcasts, and rates charged, for each candidate.
  - (d) Name of any candidate remaining indebted to the broadcaster for time sold, and the amount of the claim.

*The Committee further recommends that:*

The publisher of each newspaper, magazine or periodical, which sells more than \$25 of political advertising during the 4 weeks immediately preceding polling day, should file with the Registrar a report on the amount of advertising sold to each party and candidate, with details on the date of insertion of each advertisement, the number of inches or lines of each advertisement, and the rate charged. Report  
from  
Print  
Media

**VI. CONTROL AND ENFORCEMENT**

The Committee has frequently in this chapter referred to a Registry of Election and Political Finance, without spelling out in detail the Committee's conception of the office. It was necessary, in the Committee's view, to describe much of the work of the Registry, and other relevant aspects of election expenses, before describing the Registry itself. The Registry has its origin in the Committee's belief that satisfactory observance of its recommendations requires the enactment of a special and separate "Election and Political Finances Act".

*The Committee recommends that:*

Registry of  
Election and  
Political  
Finance

Legislation be passed establishing a Registry of Election and Political Finance, to be separate from the office and duties of the Chief Electoral Officer, under the direction of a Registrar. The Registrar should have unchallengeable qualifications of impartiality and integrity, and his appointment and removal should be the sole prerogative of the House of Commons.

There appears to the Committee to be a clear division of duties and responsibilities between the office of the Registrar and that of the Chief Electoral Officer. The Chief Electoral Officer is responsible for the arrangements, the management and control of the official election machinery and procedure. The Registrar of the new Registry would supervise the financial activities of the contending parties and candidates and their supporters as these bear on election campaigns.

*The Committee recommends that:*

Duties of  
Registrar

The Registrar be solely responsible for the enforcement of any legislation based upon recommendations contained in this Report; and be expected to assist in the enforcement of the *Canada Elections Act* and in prosecutions under the *Dominion Controverted Elections Act*.

These general recommendations again involve a number of subsidiary points.

*The Committee further recommends that:*

Registrar  
to Prescribe  
Forms

The Registrar be given authority: to prescribe the form in which reports and any other necessary documents are to be made; to fix dates for their submission (within latitudes fixed by the statute); to determine how best the data in the reports can be published and disseminated; and to make such other regulations as may be necessary to carry out the intent of the legislation.

Audit of  
Party  
Records

The Registrar should have the responsibility annually, and following each general election, and at such other times as he considers it necessary, to attend with his auditors the premises of any political party (or such other place where its records may be kept) to examine the financial records, vouchers and receipts, to assure the accuracy of the reports required by these recommendations.

The Registrar should also have the responsibility of auditing with reasonable dispatch the financial reports of all candidates following a general election or a by-election.

Audit of  
Candidate  
Reports

The Registrar should give priority, on receipt of a petition from 20 electors in any constituency, to auditing the accounts of any candidate named in the petition.

Public  
Petition  
for Audit

To carry out an audit of the reports of a party or candidate, the Registrar should have the power to demand and receive all vouchers, receipts, books and records of the party, the candidate, official agents, or any donor to the same, or the recipient of any funds from such party or candidate.

Registrar's  
Power to  
Examine  
Records

The Registrar should be given the responsibility of receiving, examining, tabulating, summarizing, publishing, and preserving the audited reported data. Such reports of the political parties and candidates as are required should be published in summary form in the *Canada Gazette*, and tabled in the House of Commons. In addition, a summary of the financial returns of each candidate in a general election or a by-election should be published once in a newspaper of general circulation in the constituency involved. The cost of such publishing should be borne by the Registrar.

Publication  
of Reports

The Registrar should be responsible for making all reports received available for public inspection promptly after receipt and for providing photocopying at rates determined by cost; for preparing, publishing and distributing summaries of reports to newspaper and broadcasting wire services, and all others entitled to representation in the parliamentary press galleries; and for reporting delinquencies in complying with the Act. All reports and data should be preserved for a period of 10 years by the Registrar and then turned over to the Public Archives of Canada.

The Registrar should report annually to Parliament through the Speaker of the House of Commons. His report should include the summaries of the audited financial returns of the parties and candidates; a statement of breaches of the Act or regulations and a summary of action taken; the accounts of the Registry, including legal costs incurred and the statutory subsidies paid to or on behalf of parties and candidates.

Report to  
House of  
Commons



Registrar  
to Keep  
Legislation  
Under  
Review

The Committee is aware that unrealistic measures will encourage breach of the controls imposed and lead to disregard and open contempt of the law. Particularly in view of the experimental nature of the legislation recommended here, the Committee emphasizes that the legislation should be kept under continuous review.

*The Committee therefore recommends that:*

The Registrar should be charged with the responsibility of making recommendations to the House of Commons concerning amendments to the Act, including changes in the amounts of limitations and subsidies, so that these may be related to current costs.

The Registrar should be responsible for payment of the proposed subsidies to the candidates who qualify.

Registrar to  
Certify as to  
Subsidy

To carry out such duties, the Registrar would require the cooperation of the Chief Electoral Officer. On the formal return of the election writs, the Chief Electoral Officer should certify to the Registrar the names of those candidates who received a minimum of 15% of the valid votes in each constituency, and the total number of electors on the List of Electors in each constituency. The Registrar should then issue to each candidate who has filed a financial report that is *prima facie* complete as to form, an interim certificate of the candidate's compliance with the legislation concerning disclosure. Such interim certificate from the Registrar, with the certificate from the Chief Electoral Officer as to the candidate's qualification, would entitle the candidate to payment of the subsidy.

*The Committee further recommends that:*

No deposit be refunded to a candidate until the interim certificate has been issued.

The Committee is not empowered to make recommendations concerning the privileges of the House of Commons as they pertain to the seating of members; but it suggests that no candidate should be sworn in as a Member of the House of Commons until he has produced an interim certificate from the Registrar.

*The Committee further recommends that:*

The Registrar should be responsible for the payment to the broadcasters of the share of paid time allocated to each registered national party in accordance with the recommendation made in Section II of this Chapter. The Registrar should verify the accuracy of the charges made by each network and station.

The Registrar should prescribe the form and filing dates for the reporting of the particulars of each

Registrar  
to Pay  
Subsidies

Reports  
from Press  
Media

political receipt in excess of \$25 required from the press media. The Registrar should preserve and tabulate the relevant data and make them available to the public in the manner set out above for the dissemination of information.

The Committee is concerned about electoral legislation which leaves the right and opportunity to commence action for an infraction solely to private citizens. It has been found, both in Canada and other jurisdictions, that under such circumstances nobody takes action. There is also the danger that malicious action by irresponsible individuals could be instituted on a minor infraction that was a result of an honest error, rather than a substantial violation of the spirit of the legislation.

Registrar  
to Bring  
Action

*The Committee therefore recommends that:*

The Registrar, on his initiative and discretion and at public expense, may on his own authority institute and maintain an action against a candidate, political party, or third persons involved in any breach of the requirements of the proposed Election and Political Finances Act.

The Committee is of the opinion that the penalties for failure to comply with the proposed legislation must be severe. The entire purpose of this Report and its recommendations will be defeated unless the system proposed is rigorously policed and persons and parties prosecuted for infractions. The penalties must reflect the seriousness of each breach, and thus encourage compliance with the provisions.

Penalties

*The Committee therefore recommends that:*

1. In the case of a successful candidate and/or his official agent being convicted of an infraction of the Election and Political Finances Act, the candidate should be unseated and the election declared void, and he should be disqualified from participating in a federal election as a candidate for a period of 7 years from the date of the conviction. Depending on the seriousness of the offence, such a candidate or agent should be subject to fine and/or imprisonment, in the same manner as an unsuccessful candidate and/or his agent.
2. In the case of an unsuccessful candidate and/or his official agent being convicted of a breach of the Act, each should be liable to a fine of from \$100 to \$1,000, and imprisonment of from one to twelve

months; and each should be disqualified from seeking election in a federal election for 7 years.

3. In the case of a party leader and/or the party's agent being convicted of a breach of the Act, the party or association they represent should be liable to a fine of from \$5,000 to \$50,000. In addition, the leader and/or agent should be subject to the same penalties as an offending candidate. Such fine should be recoverable by execution upon the property of the party or association.

If the party or association should fail to pay the fine, and should it have no property to satisfy the same, the amount on the balance of the unpaid fine and costs should be recoverable, by civil action at the discretion of the court, from the person or persons constituting the executive of such party or association.

A convicted party or association should be prohibited from sharing in any election subsidies provided by the Election and Political Finances Act until the fine is fully paid.

4. Heavy fines and imprisonments should be prescribed to enforce compliance by third persons, associations or incorporated bodies who fail to report their financial involvement and participation in an election, and for those who illegally carry on a campaign in support of, or opposition to, a candidate or party during the periods restricted by the Act.

The Committee recognizes that fairness and justice are vital in an area where penalties are harsh and where reputations are in jeopardy. Shortcomings have developed in the administration of the *Dominion Controverted Elections Act* (R.S.C. 1952, c. 87) which should not be allowed to develop in the new legislation. For instance, there have been cases where an accused offender, by taking advantage of various appeals, has sat in the House of Commons for an entire session without a determination of the case against him, thus frustrating the intent of the legislation.

*The Committee therefore recommends that:*

A direct and expeditious procedure should be introduced to speed up a simple, final determination of cases, and at the same time maintain justice and fairness to the accused.

## VII. MISCELLANEOUS BROADCASTING AMENDMENTS

Although the Committee recommends limiting and curtailing broadcasting, it is interested in the theory (which it heard propounded several times), that if there could be a more useful employment of time, the media would have greater impact, which in turn would foster a greater interest in political broadcasting. The Committee believes that paragraph (a) of section 17 (1) of the *Broadcasting Act* (1958, c. 22, as amended), prohibiting dramatized political broadcasting, has been interpreted too narrowly in view of the changes in the media. The Committee would like to see this proviso relaxed, although it is aware of inherent dangers, since the public could be misled by some types of dramatized advertising, or broadcasting could be unfair or in bad taste. The Committee was told that there is a problem of drawing the line so as to obtain a better and more interesting use of the media, while maintaining the integrity of the presentation.

*The Committee therefore recommends that:*

Those who know the media, and understand its capabilities, such as the Canadian Broadcasting Corporation and the Canadian Association of Broadcasters, should meet with the Board of Broadcast Governors and selected representatives of the public to determine new practical limits for a more flexible use of the media in political broadcasting. These new limits should be embodied in an amendment to the *Broadcasting Act*.

Complaints were also received by the Committee regarding section 17(1)(b) of the *Broadcasting Act*; this section has the effect of "blacking out" federal election broadcasts in areas where municipal and provincial elections are being held at the same time. This works hardship on the candidates and parties, as use of the media is restricted at crucial times in campaigns.

*The Committee recommends that:*

Section 17(1)(b) of the *Broadcasting Act* be amended so that no municipal or provincial election may affect the free use of the broadcasting media in a federal election campaign.

The Committee is also interested in broadening the base of financial support, and considers that regulation 5(1)(h) of each SOR/64-49 and SOR/64-249 (Radio) and 5(1)(i) of SOR/64-50 (T.V.) under the *Broadcasting Act* inhibit this desirable policy. The regulations appear to prohibit appeals for funds by political parties on the air, a fact which struck



the Committee as paradoxical. The Committee received no evidence to suggest that the community gained from regulations which inhibited the promotion of both partisan and nonpartisan efforts to raise money for democratic purposes.

*The Committee recommends that:*

Regulations 5(1)(h) and 5(1)(i) under the *Broadcasting Act* should be amended to allow political parties to appeal for funds through the broadcasting media.

Section 99 of the *Canada Elections Act* clearly prohibits a candidate from using foreign broadcasting stations in support of, or in opposition to, a candidate in a federal election. The Committee was told that this clause has been interpreted by some as not prohibiting such broadcasting to a political party.

*The Committee recommends that:*

An amendment to section 99 of the *Canada Elections Act* should clearly establish that political parties are also prohibited from the use of foreign broadcasting media.

## VIII. BY-ELECTIONS

*The Committee recommends that:*

Controls, limitations, assistance, reporting, auditing, and publishing procedures applicable to candidates for federal general election campaigns shall apply also to by-elections.

It is further recommended that the national party organizations be prohibited from using the mass media in order to directly influence the outcome of a particular by-election.

ALL OF WHICH WE RESPECTFULLY SUBMIT FOR  
YOUR CONSIDERATION

Cyrus Barber

G. Coe

Gordon B. Dryden

William R. Smith

Norman Ward



# Part II

STUDIES





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## INTRODUCTION

Part II of this Report presents a selection of the most significant studies prepared for the Committee on Election Expenses by its research staff and under contract. These studies were designed to provide the Committee with detailed information concerning legislation and practices in the area of election and party finance in Canada and abroad. The interpretation of the data and the opinions expressed in these studies are those of the various authors. This research served as a valuable adjunct to the material gathered by the Committee members themselves in the course of their interviews and hearings with political leaders, legislators, candidates, fund raisers and experts, both Canadian and foreign. These studies are published on the Committee's responsibility, and it is hoped that they will also prove to be of value to the reader.

The eleven studies cover such general topics as the control, limitation, regulation, reporting and subsidization of election expenses in Canada and foreign countries as well as detailed studies of party finance, provincial legislation, political broadcasting and candidate spending patterns and attitudes in Canada. Three studies were carried out on a contract basis by Herbert E. Alexander, Harold Angell and McDonald Research Limited on the Regulation of Political Finance in the United States, Quebec Election Expense Legislation, and Newspaper Advertising Expenditures in the last federal general election, Studies 3, 7 and 9 respectively. Special reference should also be made to the contributions of the members of the Committee's research staff whose efforts are reflected in the other eight studies: Study 1, Jill McCalla Vickers; Study 2, Michael Rand and E. W. Richardson; Study 4, Jean Brown Van Loon; Study 5, Carol Gauthier; Study 6, Reginald A. Whitaker, Mrs. Van Loon and Howat P. Noble; Study 8, Mr. Whitaker; Study 10, James B. MacAulay and Ghislain Levasseur; Study 11, Mrs. Vickers and the Co-Secretary, Mr. Raoul Barbe. The Committee's editorial staff prepared the studies for publication. Professor Khayyam Z. Paltiel bears the responsibility for the planning, direction, supervision and execution of these studies.

The studies were individually planned and written in the light of problems posed by the Committee's terms of reference. In the attempt to present as exhaustive a discussion of each topic as the exigencies of time and space allowed, a certain amount of overlapping and repetition has occurred. The Committee is aware of this, but found it necessary for clarity and completeness.

Several other studies commissioned by the Committee will appear in a supplementary volume to be issued shortly. These studies, whose appearance here was precluded by reasons of length, include; John Meisel *et al.*, "Canadian Attitudes to Election Expenses, 1965-1966; A Report on Part of a National Survey"; a number of studies on Canadian party finance by Professors J. L. Granatstein and Michael Stein, and additional studies by the research staff of the Committee.





# 1

## CONTROL AND LIMITATION OF ELECTION EXPENSES IN MODERN DEMOCRACIES

### I. INTRODUCTION

Attempts have been made in various jurisdictions to impose limitations on both election expenses and party financing in general. These attempts have generally taken the form of legislation which limits party and/or candidate expenses, or which restricts contributions beyond certain amounts, or forbids donations from certain sources. Legislation has also been enacted which, while not imposing limitations directly, affects election expenses and political income. For example, legislation which restricts the activities in which parties or candidates may engage during a campaign may have the effect of limiting expenses; and tax laws may limit contributions from certain sources by imposing an unfavourable tax status on political contributions.<sup>1</sup> Such statutory controls have been the predominant mode of limiting election expenses and incomes. But voluntary interparty agreements as a form of control have been tried in several jurisdictions, most notably in the Federal Republic of Germany. Such agreements may supplement legislative controls in the same jurisdiction.

In a few unique cases, regulation of political financing is effected by the force of attitudes which are wide-spread among the citizens of the country. Customary controls of this type appear to be effective in Switzerland. In such instances, the feeling of the people that election costs should be kept at a moderate level, and that contributions should come only from certain "acceptable" sources, appears to be more effective as a control mechanism than any other type of limitation. The effectiveness of the system apparently depends on the cohesiveness of the society involved, and on the general political norms and attitudes of the electorate. Because this kind of limitation of political financing rests largely on traditional elements in the nation's political culture, it is unlikely

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<sup>1</sup> In the United States, for instance, there is a progressive gift tax imposed on amounts over \$3,000. U.S. Code, Title 18, c. 29, s. 608 (a).

that such a system could be transferred to another society without an upheaval in the recipient political system, and a subsequent "rehabilitation" of its political norms and attitudes.

Yet a non-legislative system of control appears to be the most effective way to regulate political finance, and its success depends largely on the prior development of a constructive and vigilant attitude on the part of the electorate toward politics and party financing. The success and enforceability of statutory control must similarly rest on some degree of vigilance on the part of the electorate. Limitations can scarcely be effective if the electorate believes that "politics is a dirty business," and rejects the possibility of the regulation of party financing by any type of control. Undoubtedly the attitudes necessary to maintain either statutory or customary systems of control can be fostered. An important first step in the development of such attitudes may well be the enactment of realistic and enforceable legislative controls.

The existence of unrealistic control laws promotes a cynical attitude on the part of the electorate toward politics, party financing and attempts at the limitation of money in politics. Elections cost money, as does the maintenance of party machinery between elections. These basic facts must be recognized before any attempt to limit either political income or expenditure can be successful. If limitations are unrealistic, evasion will be easy and common. If parties are deprived of income which they feel is vital to the running of a successful campaign, and no alternative sources are provided, the result will likely be evasion of the initial restriction. Similarly, ceilings on expenditures will be evaded if they do not allow candidates or parties to spend enough to permit successful campaigns. Unless enforcement of unrealistic legislation is particularly stringent (which is seldom the case) the law will be flouted, and the view that political financing cannot be controlled will be reinforced. Control laws which have become "dead letters" help to produce a cynical attitude toward party finance, and unrealistic and unenforceable limitations may actually do more harm than good. An examination of forms of control must keep these considerations in mind.

Limitations may be imposed for a variety of reasons. Their aim may be to "clean up" political financing, or to keep the costs of elections low. Their rationale may be a concern with the undue influence which contributions may give the donor over the politician, or a concern with the uses to which election expenditures may be put. Yet the effect of all types of controls on the ability of the parties to contest elections must be considered. The ability of parties and candidates to obtain the funds with which to contest elections is one indication of the health of a nation's political system.

This study will first describe and evaluate the control devices, statutory and voluntary, in effect in various jurisdictions. Secondly, the study will attempt to assess the general effect of limitations on party financing. Answers will be sought to the following questions: What is the rationale behind the particular system of control? Are the control devices imposed in various jurisdictions workable? Do the effects of the control devices measure up to the reasons offered to justify their adoption? What effects do various types of controls have on the party system? Are legal and/or voluntary controls an effective way to restrain high election costs?

## II. INCOME CONTROL SYSTEMS

Attempts to limit the *income* of parties and their candidates or elected representatives are less common than legislation and voluntary agreements which impose limitations on their *expenditures*. However, controls have been imposed on income in several jurisdictions which limit either the source or the amount of contributions.<sup>2</sup>

Limitations on sources of funds have seldom been adopted in an effort to cut the cost of elections; rather, their imposition generally reflects a concern with the purity of the electoral process, or with the independence and impartiality of the civil service. Large contributions have been forbidden or restricted because it was felt that a broader base of financial support would make parties and candidates less dependent on a few large contributions (and their donors) and more responsive to the electorate in general.<sup>3</sup> Contributions from business corporations and labour unions have been forbidden ostensibly for much the same reasons.<sup>4</sup> Contributions from foreign donors have been forbidden in at least one jurisdiction to eliminate the possibility of foreign interference in the nation's electoral process.<sup>5</sup> It is clear, however, that limitations imposed on party and candidate income have seldom been adopted because of a concern with the high cost of elections or with the parties' need for money to maintain their organizations between elections. It must be stressed, nonetheless, that many of the controls imposed on party and candidate income have been both beneficial and effective.

### *A. Restrictions on Donations from Civil Servants*

During the early development of most public services, patronage appointments, i.e., appointments made in return for some favour rendered to the party or candidate (often a campaign contribution), and the "macing"<sup>6</sup> of civil servants, appear to have been wide-spread. Legislation which prohibited the wholesale assessment or macing of civil servants was necessary for the development of an independent and impartial civil service.

Such legislation has proved to be both effective and enforceable. Civil servants are eager to escape the macing procedure. Responsibility for the enforcement of such limitations is usually placed in the hands of a Civil Service Commission or its equivalent, which jealously guards against instances of political interference with its flock. The development of a career civil service, operated on the merit principle and regulated by an independent commission, appears to be the best protection against the extortion of campaign funds from civil servants by parties and candidates.

In the United States and Canada, the macing of federal civil servants was gradually eliminated over a lengthy period. While such limitations might have

<sup>2</sup> The "doctrine of agency" may be said to control candidates' income in that it specifies to whom donations must be made. In this sense, it is also a legislative control on income. It will, however, be considered separately.

<sup>3</sup> See the "Statement of Motives" at the beginning of *The Election Fund Act*, (No. 110), passed by the Puerto Rican Assembly on June 30, 1957.

<sup>4</sup> See U.S. Code, 1958, Title 18, c. 29, s. 610.

<sup>5</sup> See *Swedish Criminal Code*, 6130 (1948), c. 81, s. 10, which makes it illegal for a political party to receive funds for political purposes from outside the country.

<sup>6</sup> "Macing" means a systematic assessment of civil servants by the party in power for political contributions.



seriously affected the ability of parties to raise money, the process was eased in these cases by the availability of alternative sources of campaign funds. In a more recent case, that of Puerto Rico, a substitute source of funds was provided for the parties in the form of state subventions.

The first attempt of any kind to restrict contributions to political campaign funds in the United States was primarily aimed at the protection of government employees. Federal legislation limiting civil service contributions appeared as early as 1867. In 1883, the *Civil Service Reform Act*<sup>7</sup> prohibited officers and employees of the United States government from seeking or receiving political contributions from one another, and banned the collection of political funds in federal buildings. Several states quickly followed suit, with New York and Pennsylvania passing similar legislation in the same year. A series of rulings by the Federal Attorney General, several court decisions and numerous enforcement actions, slowly led to a curbing of the practice of macing at both the federal and state levels.<sup>8</sup>

The growth of the federal civil service during the New Deal stimulated the enactment of more stringent and all-inclusive legislation. The *Hatch Acts*, passed originally in 1939, extended restrictions on political activities to cover almost all federal government employees.<sup>9</sup> This legislation does not prohibit all voluntary contributions from civil servants, but forbids any senator, representative, or candidate for those offices, and any officer or employee of the United States federal government, from soliciting or receiving any assessment or contribution from any civil servant.<sup>10</sup> In addition the bans on the solicitation of political funds on federal property, and the solicitation by civil servants of one another, remain in force. Unlike most other attempts to limit sources of party and candidate income in the United States, these provisions have been relatively successful. Voluntary contributions from civil servants still occur, and patronage appointments have not been eliminated, but these statutes have deterred parties and their candidates from systematically assessing civil servants.

The limitations imposed on political donations from federal civil servants in Canada are somewhat more stringent than the restrictions in the United States. The *Civil Service Act*, 1961, forbids civil servants to:

- (a) engage in partisan work in connection with any election of a member of the House of Commons, a member of the legislature of a province or...
- (b) contribute, receive or in any way deal with any money for the funds of any political party.<sup>11</sup>

The emphasis in Canadian legislation appears to be on maintaining the impartiality of the civil servant rather than protecting him from macing procedures. The net effect, however, is the same: the parties and candidates may not have access to the federal civil service as a source of funds. Furthermore, the

<sup>7</sup> U.S. Statutes, 47th Cong., 2nd Sess., 1883, ch. 27, *An Act to regulate and improve the civil service of the U.S.*, secs. 11-14.

<sup>8</sup> For details of the development of U.S. legislation, see Heard, Alexander, *The Costs of Democracy*, Chapel Hill, University of North Carolina Press, 1960, pp. 142-154.

<sup>9</sup> *Hatch Political Activities Act*, U.S. Statutes, 1939, 76th Cong., 1st Sess. Vol. 53, Pt. 2, c. 410; and c. 1, secs. 3,4; now U.S. Code, 1958, Title 5, c. 1, secs. 118 (i.k.n.), and Title 18, c. 29, secs. 594, 595, 598, 601, 604, 605, 608, 610 and 611.

<sup>10</sup> U.S. Code, 1958, Title 18, c. 29, secs. 602, 603.

<sup>11</sup> Canada, *Civil Service Act*, 9-10 Eliz. II, 1961, c. 57, s. 61 (1).

Act specifically links the prohibition on contributions to the prohibition of partisan political activity.<sup>12</sup>

The following exchange in the House of Commons, which took place during the drafting of the 1961 legislation, may serve to illustrate the rationale behind the adoption of this restriction on civil servant donations:

MR. PETERS: What is wrong with a [civil servant] belonging to a political party? Is that not democracy? . . . I fail to see how this could be objectionable.

MR. McILRAITH: If a civil servant pays membership [dues] in a political party then he is indicating his partisan interest, and he is putting himself in a position where his interest may conflict with his duty as a civil servant. His duty as a civil servant is to carry out administrative processes along the lines laid down by the government of the day, and if he becomes a dues paying member of a political party then he is putting himself in a position where his interest may be opposed to his duty as a civil servant.<sup>13</sup>

Since the penalty for a breach of the Canadian statute is the dismissal of the offending civil servant, the parties themselves have little to lose by attempting to get donations from this source. In fact, however, there are few abuses and, as in the United States at the federal level, this limitation on the sources of party income is the most effective of all such limitations.<sup>14</sup>

Puerto Rico provides an excellent example of the results of depriving political parties of a source of income. When the Popular Democratic Party (PDP) came to power in 1940, its leader had promised to eliminate the alleged direct "buying of influence" by the sugar industry which had occurred under previous government coalitions. The PDP leader, Luis Muñoz Marín, promised that his party would not go to the large sugar interests for funds, thus restoring to the people a say in the government. Governor Muñoz Marín was true to his word. After the 1940 election, the victorious PDP resorted to what then appeared to be the only alternative source of funds, the civil servants. Until the passing of the *Election Fund Act* in 1957, the PDP depended almost entirely on a "quota system," or regular assessment of civil servants, for almost all of its funds. It is estimated that about 90 to 95 per cent of the party's funds came from this source. Employees were assessed and were expected to contribute up to 2 per cent of their salary or wages to the party's coffers. Employees were designated as collectors and made the rounds on paydays to gather in the "donations". Employees who would not contribute, it is reported, were not dismissed, but their chances for advancement were undoubtedly harmed by their reluctance to support the ruling PDP.<sup>15</sup>

The quota system had existed as an established way of collecting money for parties before the 1940 victory of the PDP. However, the attempts of the PDP to free itself from the influence of the larger sugar companies led to the development of the system to its most sophisticated form. The party leader himself

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<sup>12</sup> See Canada, House of Commons, Special Committee on the Civil Service Act, *Minutes of Proceedings and Evidence*, Ottawa, 1961.

<sup>13</sup> *Ibid.* p. 437.

<sup>14</sup> For a fuller discussion of the problems of limiting the political activities and rights of federal civil servants in Canada, see Dwivedi, O. P., *The Civil Servants of Canada: A Study of their Rights*, unpublished M.A. thesis, (typescript) Ottawa, Carleton University, 1964, chapter III, pp. 44-72.

<sup>15</sup> For full details of the operation of the quota system in Puerto Rico see Wells, Henry, *Government Financing of Political Parties in Puerto Rico*, Citizens' Research Foundation, Princeton, N.J., Study No. 4, 1961, pp. 7-12.

quickly became disillusioned with the fund-raising system, but was unable to eliminate it until another method of financing his party was found. The apparent alternative was the return to the dependence of the parties on the large economic interests on the island. The dilemma in which Puerto Rican politicians found themselves illustrates the difficulties often encountered in attempts to limit sources of political funds.

Despite the obvious drawbacks of the quota system, it resulted in a greater influence of the electorate on the government. Civil servants provided a broader base for the financing of the party than the previous dependence on a few large private interests. The existing ban in Puerto Rico on large contributions from economic interests and on contributions from civil servants is effective mainly because an alternative source of funds was found: the state subsidized "election fund." The present Act provides:

It shall be illegal for any public officer or employee or other person to solicit from any public officer or employee any contribution whatsoever for political purposes in the building or place of work where any activity of the Commonwealth of Puerto Rico is being carried on, and for any public officer or employee to solicit political contributions from any officer or employee even outside of the habitual places of work of such officers or employees. Violation of this provision shall be punishable as a felony and shall render the offender unqualified as a candidate to an elective office, barred from holding public office in the Commonwealth, and disfranchised, circumstances which shall be set forth in the judgment.<sup>10</sup>

This Act, unlike the Canadian legislation, does not prohibit voluntary donations from civil servants. Its rationale is the same as for the restrictions in the United States at the federal level, the protection of civil servants from macing. In addition, unlike the Canadian legislation, it applies to the solicitor (a candidate or political party) as well as to the civil servant from whom the donation is being solicited.

### B. *Restrictions on Donations from "Special Interests"*

In several jurisdictions attempts have been made to prohibit or restrict contributions to political parties and candidates from a variety of "special interests" in the society. The special interests affected vary from place to place: banks, corporations, and trade unions in the United States; trade unions in British Columbia; foreign donors in Sweden. The specific motives behind the adoption of such limitations are as varied as the interests affected, but the rationale offered is often surprisingly similar. The central principle is the conviction that special interests do not contribute money unless they get something in return. It is suggested that this "donations-for-favours" exchange may lead to a perversion of the democratic system and therefore must be eliminated. In short, the central concern is with the purity of the political system, rather than with the problem of party financing and the cost of elections.

It may well be that exchanges of this donations-for-favours variety are rare. It may be argued that special interests contribute to party funds in order to gain access to government decision makers, or for the potential influence which contributing may bring them, rather than in direct return for favours. Further-

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<sup>10</sup> Puerto Rico, "Election Laws" Reprint from Title 16, *Laws of Puerto Rico Annotated*, c. 59, §607 (e), (being s. 7 (e) of the *Election Fund Act*, 1957.)



more, the introduction of a public tender system in many countries has gone a long way toward eliminating such outright exchanges. Many countries have enacted legislation which forbids corporations holding government contracts to contribute to party funds.<sup>17</sup>

There are secondary reasons why such limitations have been adopted or proposed. From the point of view of the political parties, dependence on a few large contributors hampers a party's freedom of political action. The situation in Puerto Rico mentioned above is one example of this type of reasoning. In addition, it has generally been thought that by prohibiting or restricting donations from special interests, the base of political financing could be broadened.

There have also been political motives behind the limitations on donations from special interests. Parties with substantial labour support are eager to prohibit contributions from business corporations. Parties supported by business are more than willing to see a potential danger to democracy in donations from labour unions. Parties which depend largely on dues from their members are more eager than so-called "cadre" parties to restrict donations from special interest groups.<sup>18</sup>

### 1. *Limitations on Contributions from Corporations*

Attempts to control corporate donations have taken two forms. Legislation has been enacted directly forbidding, and making a punishable offence of, corporate donations to parties and candidates; and attempts have been made to inhibit corporate giving by means of tax laws. Tax laws, while not imposing any actual limitation on donations, may tend to discourage donations above a certain size or from a particular source.

(a) *Prohibition:* Legislation which forbids corporate donations outright is rare. The United States, Argentina and the Province of Manitoba have such laws at the present time. In Canada, at the federal level, there was a clause in the *Canada Elections Act* in existence from 1908 until its repeal in 1930 which forbade both corporate and union donations.

In the United States, federal legislation forbids contributions from national banks and federally chartered corporations.<sup>19</sup> In addition, by 1959 thirty of the states had legislation which forbade or limited corporate donations. Some of the statutes applied to all classes of corporations; others restricted the activities only of certain special types of corporations, such as insurance companies and public utilities.

<sup>17</sup> An example of this type of legislation occurs in the United States. The legislation forbids political contributions from any individual or corporation having contracts with the United States government and also forbids the solicitation of contributions from such persons or companies. The penalty is a fine of not more than \$5,000 or imprisonment of not more than 5 years or both. *U.S. Code*, 1958, Title 18, c. 29, s. 611.

<sup>18</sup> For example, the legislation prohibiting union contributions from check-off funds in British Columbia was allegedly stimulated by a desire on the part of the ruling Social Credit party to hamper its nearest rival, the New Democratic Party, by attacking its sources of funds. See Young, Walter D. "The NDP: British Columbia's Labour Party"; in Meisel, John (ed.), *Papers on the 1962 Election*, Toronto, 1964, University of Toronto Press, p. 185.

<sup>19</sup> For details relating to electoral laws in the United States see study No. 3 in Part II of this Report entitled "Regulation of Political Finance in the United States" by Herbert E. Alexander.



As indicated above, the details of restrictions on corporate contributions in the United States have been fully dealt with in another study. It may be noted here that available evidence indicates that there are numerous instances of evasion, but it would be erroneous to suggest that the legislation has had no effect in that country. This legislation has had important effects on the patterns of party finance.

The statutes have made corporate financial activity in politics considerably more awkward and inefficient than it would otherwise have been. The amount of corporate money that shows up in nomination and election campaigns is without doubt greatly reduced because of them.<sup>20</sup>

One effect of this legislation on the patterns of party finance has been the growth of extra-party committees designed to raise funds. A second effect has been the general decentralization of fund raising within the parties. In order to evade the federal legislation, contributions are solicited at the state level, where such restrictions are often not enshrined in legislation.

There is little information available about the Argentinian legislation limiting corporate donations. Heidenheimer reports that:

*The Argentine Parties Law of 1956 . . . prohibits contributions not only from businesses which engage in work for public authorities, but also from gambling establishments and all business, labor and professional organizations. Parties which accept such donations may be ordered to turn them over to the National Education Council. Firms or organizations which give them may be sentenced to a fine ten times the size of their contribution, apart from fines which may be levied on their directors and executives.*<sup>21</sup>

But nothing is known at present about how well this ambitious legislation works, or how well it is enforced.

The Canadian ban on political donations by both business corporations and labour unions was first enacted by the federal Parliament in 1908. The history of this legislation is fully examined elsewhere in this Report.<sup>22</sup> It may be noted that the legislation was repealed in 1930 because of pressure from labour groups, which maintained that it was unfair to unions because the secrecy of corporation accounts, in contrast to the semi-public character of trade union accounts, made the legislation more difficult to enforce on the corporations.

At the provincial level, only Manitoba has legislation forbidding donations by corporations. It is a corrupt practice in Manitoba:

- (a) for any company or association having gain for its corporate object or one of its objects, or for any person directly or indirectly on behalf of such a company or association, to contribute, loan, advance, pay, or promise or offer to pay, any money or other thing of value to any person, corporation, or organization, for use for any political purpose in an election; or
- (b) for any person or corporation, or the officials in charge of any organization, to ask for or receive any such money or thing of value from such company or association.<sup>23</sup>

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<sup>20</sup> Heard, *op. cit.*, pp. 134-135. For further details see study No. 3, *infra*.

<sup>21</sup> Heidenheimer, Arnold, *Campaign Finance Outside the United States*, (mimeographed) January 1962, p. 22, prepared for the President's Commission on Campaign Costs.

<sup>22</sup> See Chapter II, of Part I of this Report, "History of Canadian Election Expense Legislation."

<sup>23</sup> Manitoba, *The Election Act*, R.S.M. 1954, c. 68, s. 131. This was originally passed in 1931.

The effectiveness of this provision in preventing corporate donations is unclear. It should be noted, however, that the section appears to apply to donations made for elections, or during the election period only.<sup>24</sup>

It may be that direct prohibition of corporate donations is almost unenforceable. Certainly evasions are common. Enforcement of such limitations must rely on a reliable system of reporting, which is usually lacking. Such restrictions are usually defeated by the desire of business interests to gain access to government, and by the parties' needs for funds, which make evasion attractive and profitable to both sides.

(b) *Tax Regulations*: Tax laws may have the effect of inhibiting contributions above a certain sum from corporations. But some companies appear able to write off political donations to advertising or other tax-deductible business costs.

In the United States, for instance, many companies circumvent the prohibition on corporate donations by having their executives or some of their employees make individual donations. These personal donations are limited to \$5,000. The *Hatch Acts* made it illegal to contribute "directly" or "indirectly" an aggregate amount in excess of \$5,000 during any calendar year, or in connection with any campaign or election; (1) to or on behalf of any one candidate for nomination or election to a federal office; or (2) to or on behalf of any organization engaged in furthering, advancing or advocating the nomination or election of any candidate for any such office, or the success of any national political party.<sup>25</sup> But there is no restriction on the number of candidates or committees to which a donor may contribute. There is, however, a progressive gift tax on amounts over \$3,000 which may serve to discourage donations over this amount.<sup>26</sup>

In the United Kingdom, donations to business front organizations have gained some measure of tax relief. Donations to anti-steel-nationalization campaigns, for instance, have been declared tax-deductible on the ground that such expenses are related to the purposes of the companies concerned.

## 2. Donations from Trade Unions

Legislation has been enacted in several jurisdictions which prohibits contributions by trade unions to parties and candidates. In the United States, and to a lesser extent in Canada, the United Kingdom, and Australia, the attitude toward financial support from trade unions is not as tolerant as in most European countries where there is an intimate relationship between the Labour and Socialist parties and the trade unions. In the United Kingdom and Australia, trade unions must report expenditures to the Electoral Officer or to the Chief Registrar of Friendly Societies, "insofar as they manage explicitly labeled political funds."<sup>27</sup>

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<sup>24</sup> For details of this and other provincial legislation see study No. 8 "Provincial Election Expense Legislation" in Part II of this Report.

<sup>25</sup> U.S. Code, 1958, Title 18, c. 29, s. 608 (a).

<sup>26</sup> For further details on the implications of the U.S. gift tax, see Heard, *op. cit.*, pp. 348-350. See also Alexander, *op. cit.*, study No. 3, section III. B. 1. (a), in Part II of this Report.

<sup>27</sup> Heidenheimer, *op. cit.*, p. 22.

The situation in Australia has been complicated by several recent court cases. Colin A. Hughes reports that<sup>28</sup>:

...compulsory levies [to the Australian Labour Party] by a union on its members... [have been] declared *ultra vires* the particular union's rules in a case brought by two D.L.P. [Democratic Labour Party] supporters against the Waterside Workers' Federation.\* The decision led to demands that such levies be made illegal, but these demands died down when the Australian Council of Trade Unions undertook to urge its members to abstain from the practice. Following on this case, the validity of unions paying affiliation fees and making donations to the A.L.P. out of regular union funds was challenged by a member of the Federated Ironworkers' Association, but the Court found that the union's rules permitting affiliation and financial assistance to "any *bona fide* Labour or Trade Union organization" extended to a non-industrial body such as the A.L.P.; and the injunction sought was refused.\*\*

In Australia, there is no prohibition on trade union contributions to parties and their candidates. The only inhibiting factor is the reporting requirement noted above.

As in the case of attempts to restrict corporate donations, "politics" often lies behind attempts to limit or prohibit trade union contributions. Some advocates of restrictions argue that labour may act as a "special interest" unless its financial participation in politics is curbed. In the United Kingdom, following the General Strike of 1926, the Conservatives tried to weaken the unions' financial support of the Labour Party. The *Trade Disputes Act* passed in 1927<sup>29</sup> substituted an "opting in" formula for the assignment of union members' dues to the Labour Party. It continued to permit the use of check-off funds for political purposes, but each union, instead of being able to assign dues automatically, had to obtain the specific consent of each member before assigning his dues to the Labour Party. This new formula undoubtedly restricted union contributions to the Labour Party. When Labour came to power in 1945, it reinstituted the old "opting-out" formula, which places the onus on the individual union member if he does not want part of his dues to go to the Labour Party. The present situation in Great Britain is therefore similar to that in most European countries.

In the United States,<sup>30</sup> the legal situation and the general attitudes are considerably different. No party is exclusively labour or socialist. The law states that it is unlawful for:

...any labor organization to make a contribution or expenditure in connection with any election at which Presidential and Vice Presidential electors or a Senator or Representative in, or a Delegate or Resident Commissioner to Congress are to be voted for, or in connection with any primary election or political convention or caucus held to select candidates for any of the foregoing offices, or for any candidate, political committee, or other person to accept or receive any contribution prohibited by this section.<sup>31</sup>

<sup>28</sup> Hughes, Colin A., "Australia" in "Comparative Political Finance", *Journal of Politics*, Vol. 25, No. 3, August 1963, pp. 650-651.

\**Mercury* (Hobart Nov. 8, 1958: *Williams et al v. Hursey* (1959) 103 C.L.R. 30.

\*\* *Wheatly v. Federated Ironworkers Association of Australia et al.*, (1960) S.R. (N.S.W.) 161.

<sup>29</sup> U.K. *Statutes* 17-18 Geo. V. 1927, c. 22.

<sup>30</sup> For a fuller treatment of the situation in the United States, see Alexander, *op. cit.*

<sup>31</sup> U.S. *Code*, 1958, Title 18, c. 29, s. 610. For the purposes of this section a "labour organization" is defined as "any organization of any kind, or any agency or employee representation committee or plan, in which employees participate and which exist for the purpose, in whole or in part, of dealing with employers concerning grievances, labor disputes, wages, rates of pay, hours of employment, or conditions of work." (*Ibid.*)



Furthermore both the *Smith-Connally Act* (1943)<sup>32</sup> and the *Taft-Hartley Act* (1947)<sup>33</sup> supplement this restriction.

The enforcement of the limitation has been far from thorough. Through legal interpretation, certain expenditures are exempted from the restriction. So-called "free funds", that is, money derived not from union dues but from voluntary contributions from union members, may be used for political purposes. The unions may also contribute to candidates, committees, etc., which are state-based and therefore do not come under the Act, unless the state itself has enacted a similar restriction. Finally, unions may legally spend money for "educational" and "public service" activities, both of which terms have been broadly interpreted.<sup>34</sup>

It must be concluded, therefore, that these regulations have many loopholes. Yet the restrictions on unions have not proved to be as simple to evade as the restrictions on corporate giving. Furthermore, the unions are not as eager to give money to either candidates or parties, apparently wishing to undertake political action themselves or to give money to committees, etc., which they can dominate.<sup>35</sup>

In Canada, as noted above, it was the allegedly unequal impact of the federal statute passed in 1908 restricting donations by corporations and trade unions which led labour spokesmen to press for its repeal in 1930. At the provincial level, the British Columbia *Labour Relations Act*,<sup>36</sup> which was amended in 1961 by what is commonly referred to as Bill 42, limits trade union contributions to parties and candidates by making the donations of check-off funds illegal.<sup>37</sup>

It has been maintained that the prohibition or restriction of trade union contributions to political parties and their candidates is somewhat more complicated than the question of limiting corporate contributions. It can be argued that corporate donations should be prohibited to protect the interests of the stock holders who may not wish their money to be used to finance certain parties or candidates. In the case of trade unions, a similar rationale is offered regarding the protection of the interests of union members who may be unable to disassociate themselves from the union, as in the case of "closed-shop" industries. But the dominant motive for the restriction of labour union donations seems to be political.

### 3. Other Restrictions on Sources of Donations

Several other types of restrictions have been imposed with regard to political contributions. In Sweden, as noted above, it is illegal for foreign donors to make contributions for political purposes. Argentinian legislation prohibits contributions from gambling establishments. In general, however, other restrictions on sources of political donations are self-imposed, that is, the parties themselves often avoid

<sup>32</sup> *War Labor Disputes Act*, 1943, Vol. 57, Part. 1, c. 144.

<sup>33</sup> *Labor Management Relations Act*, 1947, Vol. 61, Part 1, c. 120; now included in U.S. Code 1958, Title 29, c. 7.

<sup>34</sup> For fuller details see Heard, *op. cit.*, pp. 177-178.

<sup>35</sup> Heard, *op. cit.* Chapter 7 for details.

<sup>36</sup> British Columbia: *Labour Relations Act*, 1960, c. 205, s. 9(6) added by 1961, c. 31, s. 5.

<sup>37</sup> See study No. 8 "Provincial Election Expense Legislation" in Part II of this Report, for a discussion of this legislation.



donations from sources which would be an embarrassment if they were to become public knowledge. Such cases are examples of self-regulation, reinforced or instigated by the attitudes of the electorate.

### C. *Restrictions on Individual Contributions*

#### 1. *Ceilings*

Only the United States and Puerto Rico have attempted to place ceilings on the amount which any one individual may contribute to a political party or candidate. Again, the rationale behind such limitations appears to be a fear of undue influence. In the "Statement of Motives" which introduces the Puerto Rican *Election Fund Act* of 1957 appears this statement:

... it is profoundly in the public interest that political parties be free from the control of economic forces, private or governmental, which upon becoming necessary for the financing of the normal legitimate activities of political parties, might gain a control or influence over them that would be inimical to the democratic ideal, to the political freedom of the people in general, and to a genuine operation of democracy.

It is for this reason that the Legislature thinks it wise that... large monetary contributions to political parties be forbidden.<sup>38</sup>

Sections 7 (a) and (b) of the Act makes it illegal for any person to contribute funds<sup>39</sup> to any party, candidate or committee in excess of the amount specified in the Act:

7b. Any person may voluntarily contribute to the local or central funds of any political party, or to both funds, an amount not exceeding two hundred dollars a year, and in no case shall the annual contribution of any one person to both organizations exceed four hundred dollars. In election years any person may contribute an amount not exceeding three hundred dollars to the local committee of the town where he resides or to the central committee of any party, or to both organizations. Both contributions shall never exceed six hundred dollars. It shall be illegal to make in any year the contributions appertaining to another year.<sup>40</sup>

This legislation covers both the election *and* inter-election periods. The limitation is reinforced by a system of state subventions and provisions for reporting. As part of a package the limitations may have a chance of achieving their initiators' aims.

In the United States, individual political contributions are limited, at the federal level, to \$5,000. The same legislation also states that certain purchases or expenditures on behalf of the candidates named in the Act are illegal.<sup>41</sup> (This provision has been imitated in some form in only four of the states: Florida, Massachusetts, Nebraska and West Virginia.<sup>42</sup>) In appraising the federal limitation on individual donations, Alexander Heard notes that, "ironically, the legal

<sup>38</sup> *Election Fund Act*, Laws of Puerto Rico, 1957, No. 110, "Statement of Motives".

<sup>39</sup> In the Act, a "contribution" is defined as "any gift in cash or otherwise, subscription, loan, advance, transfer or deposit of money or of any other valuable, including a contract, promise or agreement, whether legally enforceable or not, to make a contribution;... but it shall not include money borrowed directly... from recognized banking institutions". "Election Laws" Reprint from Title 16, *Laws of Puerto Rico Annotated*, c. 59, §601, (being s. 1(a) of the *Election Fund Act*.)

<sup>40</sup> "Election Laws" c. 59 §607 (a, b).

<sup>41</sup> U.S. Code, 1958, Title 18, c. 29, s. 608.

<sup>42</sup> For a fuller discussion, see Alexander, *op. cit.*

regulation most meticulously respected is the one most often denounced as farcical: the limit on the size of individual contributions.”<sup>43</sup> The letter of the Act is, to be sure, “meticulously respected.” The spirit, however, is consistently ignored. Contributors may give openly amounts up to \$5,000 to each of the many national committees. In addition, with the possible exception of the four states noted above, they may give far more than this at the state level, and political money can easily find its way from the state to the federal level of politics. Also, many people make additional contributions openly at the federal level under the names of family members, or in fictitious names. Almost inevitably, cynicism and a disrespect for the law have followed in the wake of such evasions. Politicians have adapted the organizational aspects of fund raising to meet the requirements of the letter of this legislation. This restriction has reinforced, if not stimulated, the proliferation of committees, both at federal and state levels. In response, the financial machinery of the parties has become more and more decentralized.

The State of Florida has also enacted a limitation on the total amount an individual may contribute and has made elaborate provisions for accounting and reporting. The relevant Act provides that:

No person shall contribute to a candidate for election or nomination to political office in the state, directly or indirectly, in moneys, material, supplies, or by way of loan, in an amount or value in excess of one thousand dollars in any primary or general election.<sup>44</sup>

The original rationale behind the limitation of the size of contributions is difficult to uncover. The restrictions were probably imposed because it was felt that large donors would demand the same influence that special interests were thought to demand. In addition, it was probably hoped that such laws would help to broaden the base of financial support for parties. However, such laws can only be effective if they are enforceable and if the electorate is willing to make many small donations. If the latter condition is not fulfilled, the laws, even if enforceable, cannot achieve their end.

## 2. *Tax Restrictions on Individuals*

As with corporate donations, tax laws in various jurisdictions tend to limit the amounts of individual donations. It may be that such tax laws are more effective in limiting the size of donations by individuals than they are in restricting corporate donations, since the individual contributor cannot in most cases write off as tax-deductible expenses donations made to parties and candidates.

### *D. Restrictions on Contributions to Committees and Associations*

In at least two instances, legislation has been enacted which attempted to limit the income of political bodies other than parties and candidates.<sup>45</sup>

The existence of these other bodies, whether they are political committees, conveyor or sponsors' associations, or managers of 'educational funds', is far

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<sup>43</sup> Heard, *op. cit.*, p. 347.

<sup>44</sup> Florida, *The Election Code of 1951*, Title IX, c. 99, s. 99.161, ss. (2) (a).

<sup>45</sup> Again the doctrine of agency limits the income of these other bodies.

from uniform in the jurisdictions under consideration. These organizations appear to be fostered (1) by the absence of the doctrine of agency which, where it exists, forces a candidate to centralize the input and output processes of his financing, (2) by the existence of legislation which limits the amounts that can be given to parties and their candidates, thereby making a middleman useful, and (3) by the existence of a special tax status for educational funds or foundations and such groups as the Japanese and West German sponsors' associations.

In the United States a limitation is imposed on the amounts which political committees may spend, and there is a specific restriction of \$3,000,000 on their income.<sup>46</sup> While the restrictions which limit the *amounts* which parties and candidates may receive also apply to donations made to committees, the restrictions on *sources* do not.

In the case of the West German sponsors' associations, a Federal Constitutional Court decision of 1957 held that donations to these groups could not enjoy the special tax status previously granted to them. This effectively imposed a limitation on the income of these groups simply by requiring donations to be taxed in the normal way.<sup>47</sup>

Some conclusions may now be drawn regarding the variety of restrictions imposed in various jurisdictions on the sources and amounts of the income of parties, candidates and other political organizations. In the absence of an adequate system of reporting and publication such restrictions are difficult to enforce, whether they are statutory or customary. Unrealistic and unenforceable limitations will be widely evaded, and may lead to a cynical attitude on the part of the electorate toward the regulation of political financing in general. Since many of the limitations imposed on party and candidate income were enacted because of a primary concern with the purity of the electoral system, their results in this field must be weighed against their effect on the financial abilities of the parties. If no alternative source of funds is available or provided, the ability of the parties to raise the money necessary to run their campaigns and organizations may be seriously hampered.

### III. EXISTING SYSTEMS OF CONTROL OVER EXPENDITURES

Limitations on expenditures are more common than controls on the sources and amounts of income. Despite their greater variety, the motives behind their imposition are somewhat less difficult to identify than the reasons behind limitations on income. Generally, controls on expenditures have been adopted in an attempt to keep election costs down.

The most common forms of limitation on expenditure are statutory controls or ceilings which set an absolute maximum amount a candidate (or in some cases a party) may spend during a given period of time. In addition, certain activities may be restricted with a view to limiting expenses. The latter must be distinguished from limitations aimed at the elimination of certain electoral practices,

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<sup>46</sup> U.S. Code, 1958 ed., Title 18, s. 609.

<sup>47</sup> "Equality of Opportunity" for Political Parties; Decision of the Federal Constitutional Court (1958) BVerfGe VIII, 51 ff; 1958, see Lane, John C., and James K. Pollock, *Source Materials on the Government and Politics of Germany*, Wahrs Publ. Co., Ann Arbor, Michigan, 1964, pp. 231-233.



which many of the corrupt practices statutes have as their goal. These two motives are often not separated by the legislators themselves. The doctrine of agency is another way in which limitations may be imposed on expenditures. Because it requires the centralization of spending powers, this doctrine permits the application of a ceiling on expenditures, although it does not guarantee its enforcement. The role of this legal doctrine as a control device will be considered below.

Finally, there is the regulation of election expenditures and activities by means of voluntary interparty agreements to limit either the amounts spent or the activities engaged in. The success or failure of such agreements in dealing with the problem of election costs is of considerable interest.

### A. Expenditure Ceilings

In most cases, ceilings are imposed on candidates alone and apply only to the election period. However, in several instances they have applied to political parties as well, and have been extended to cover the period between elections. To be enforceable, ceilings must be accompanied by provisions for some form of reporting so that breaches of the limit may be detected. As with other limitations, unenforceable ceilings may foster a cynical attitude on the part of the public, and may lead to an atmosphere in which violations are openly tolerated.

#### 1. Spending Limits: Candidates

Countries which impose statutory ceilings on the expenditures of candidates during the election period include the United Kingdom, Canada, Australia, Japan, and the Philippines. Several Commonwealth countries and some of the Canadian provinces and American and Australian states, have similar provisions.

Ceilings were first introduced in the United Kingdom with *The Corrupt and Illegal Practices Prevention Act*, 1854.<sup>48</sup> Revisions to tighten restrictions were made in 1868<sup>49</sup> and 1883<sup>50</sup>, but limitations were not truly effective until 1918, when the *Representation of the People Act*<sup>51</sup> was passed. Professor Butler notes in connection with this Act that: "The law on agency was strengthened; it became an offence for virtually any expense to be incurred in the promotion of a candidature without the agent's express sanction."<sup>52</sup>

This early linking of effective ceilings and the doctrine of agency should be noted. The ceilings in the United Kingdom do appear to have reduced election costs. This was partly due to a decrease in the practice of buying votes, an expensive practice checked by the introduction of strict corrupt practices

<sup>48</sup> 17-18 Vict., 1854, c. 102.

<sup>49</sup> *Corrupt and Illegal Practices Act*, 31-32 Vict., 1868, c. 125.

<sup>50</sup> *Corrupt and Illegal Practices Act*, 46-47 Vict., 1883, c. 51.

<sup>51</sup> 8 Geo. V, 1918, c. 64.

<sup>52</sup> Butler, D.E., *The Electoral System in Britain 1918-1951*, Oxford University Press, Oxford, 1953, p. 9. See also Angell, Harold M., *Report on Electoral Reform of the Province of Quebec*, prepared for the Quebec Liberal Federation, 1961, p. 3 *et seq.*



legislation.<sup>53</sup> The early effectiveness of ceilings in the United Kingdom may also have been due to the strengthening of the agency doctrine.

At present, a candidate in the United Kingdom may legally spend £450, with an additional 2 pence for each elector listed in the register in the counties, or an additional 1½ pence per elector in boroughs. Only the candidate's official agent may spend on his behalf, and the agent is responsible for all expenses incurred in the candidate's constituency.<sup>54</sup> In most cases the agent is a full-time professional who is employed and paid by the party, except during the actual period of the campaign. Thus his principal compensation does not appear as an election expense. The agent, whose career may be at stake if he is caught evading the ceiling or failing to report some expenditure, has a compelling motive to be honest.

Despite the early success of ceilings, the evidence indicates that the rigid legislative ceilings are being increasingly evaded in a period of rising costs.<sup>55</sup> Outright violations of the ceilings are discouraged because of the agency doctrine and the reporting requirements. But evasions may occur because of the ambiguity regarding what constitutes official election expenditures, i.e., those expenses which must be reported and come under the limit set by the ceiling. Thus numerous subterfuges allegedly have been developed, such as overcharges by printers and other suppliers of goods and services outside election times, to compensate for undercharges during the campaign.

The definition of the campaign period in the United Kingdom need not mean just the three weeks prior to polling date, but can be interpreted to include any time after the candidate has begun campaigning activity on his own behalf. The *East Dorset Case*<sup>56</sup> in 1910 resulted in the interpretation that a man is free to work within the framework of the party on the basis of helping the party and its stature, but not working toward favouring himself. Once his campaigning is directed to his own advantage (if his photograph is used or his name mentioned) it becomes an "election expense" and must be accounted for. Otherwise candidates and their agents sensing an election in the air could secretly make purchases and spend money before the election period was officially "open". In such a case the candidates of the government party would probably have an edge over their opponents.

Despite the doctrine of agency and the reporting requirements of candidates, the above system of legal ceilings on expenditures has serious weaknesses. Ceilings apply only to candidates and not to parties, and are effective only during the actual period of the campaign. It is true that expenditures made by the central party on behalf of the candidate directly and in his riding are expected to be reported as an expenditure of that candidate. But an experienced observer, Martin Harrison, has concluded that the:

Refusal to revise the limits [ceilings] has led to growing toleration by agents in marginal seats of "reasonable" evasion: respect for the law has been undermined.<sup>57</sup>

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<sup>53</sup> For fuller details see Gwyn, William B., *Democracy and the Costs of Politics in Britain*, Athlone Press, London, 1962, *passim*.

<sup>54</sup> *Representation of the People Act*, 1949, c. 68, s. 61.

<sup>55</sup> Butler, D. E. and Richard Rose, *The British General Election of 1959*, London, Macmillan & Co. Ltd., 1960, pp. 144-145.

<sup>56</sup> *O'Malley & Hardcastle Election Petitions, Vol. VI*, 1910-11, London 1911, pp. 40-41.

<sup>57</sup> Harrison, Martin, "Britain" in "Comparative Political Finance", *Journal of Politics*, Vol. 25, No. 3, August 1963, p. 680.

The objective appears to limit the advantages of a wealthy candidate and bring about a "fair" contest. It must be recognized, however, that in the United Kingdom and in most other modern democracies elections are not won or lost simply at the candidate or constituency level, whatever the legal forms may indicate. Organized political parties and their leaders are the main contenders, with candidates usually forming only a part of the campaign army. Ceilings on candidates' expenses cannot achieve equity without corresponding limitations on party income and expenditures. It might in fact result in the strengthening of the position of the central party organizations *vis-à-vis* candidates.

The situation in Australia is much the same as in the United Kingdom. In Australia, the ceiling for Commonwealth Senate candidates is £A 500, and for members of the Commonwealth House of Representatives £A 250. Exceeding the limit is an illegal act, punishable by a fine of up to £A 100 or 6 months' imprisonment, and election expenses include all expenditures incurred on or in behalf of or in the interests of the candidate.<sup>58</sup> Ceilings are also imposed on candidates at the state level, but in Australia "Restrictions on the quantum of expenditure present no real problem in the states, where the limits usually exceed resources . . . ."<sup>59</sup> The degree of compliance with the ceilings at the federal level may be assessed from the same observer's comment that: "in Commonwealth elections where House constituencies contain more than 40,000 electors on the average, a maximum of £A 250 is unrealistically low and this provision of the law is as much honored in the breach as in the observance."<sup>60</sup>

The situation in New Zealand, as in Australia, is much the same as in the United Kingdom. The *Electoral Act 1956* states that "total election expenses of a candidate shall in no case exceed five hundred pounds."<sup>61</sup> Exceeding the limit is a corrupt act and if a candidate is convicted, his election is declared void and he may be punished by a fine not exceeding £ 200 or imprisonment for not more than one year.<sup>62</sup> Any citizen convicted of a corrupt act is declared ineligible as a voter or a candidate for a period of three years.<sup>63</sup> The New Zealand limitation is thus armed with considerably more teeth than is usually the case. New Zealand's spending limits are reinforced by discouraging candidates from making commitments to be paid after the election period. Claims against candidates made later than 60 days after the election need not be honoured, i.e., all claims must be paid within this period.<sup>64</sup> Further, the ceiling appears to be more reasonable than in the case of many other such limitations, given the size of the country and the development of communications media, etc.

Japan provides an interesting example of the introduction of ceilings and doctrine of agency into a "non-British" type of political system. Prior to the revision of the *Public Election Act* in 1962, the maximum amount which a candidate was permitted to spend was calculated by dividing the number of registered electors by the number of deputies to be elected (in multi-member

<sup>58</sup> Australia, *Commonwealth Electoral Act 1918-1962*, Part XVI, secs. 145-147; Part XVII, secs. 161 (c) and 162.

<sup>59</sup> Hughes, Colin A., "Australia", in "Comparative Political Finance", *Journal of Politics*, Vol. 25, No. 3, August 1963, p. 661.

<sup>60</sup> *Ibid.*

<sup>61</sup> *Statutes of New Zealand*, 1956 (No. 107) Part IV, s. 139 (1).

<sup>62</sup> *Ibid.*, Part V, s. 150 (a).

<sup>63</sup> *Ibid.*, Part III, s. 59.

<sup>64</sup> *Ibid.*, Part IV, s. 133.

constituencies), and multiplying this figure by 7 yen.<sup>65</sup> James Soukup has written:

The obvious discrepancy between "legally allowable" and "actual" campaign expenditures demonstrates the complete failure of such legislative efforts. The law itself makes an unrealistic distinction between "election" and "regular" political expenditures; the former type of spending is limited, the latter is not. Hence, the huge amounts of money used to prepare the way for a candidate before the campaign officially begins and to repay debts after it ends do not fall under such restrictions.<sup>66</sup>

Since the 1962 revision the maximum amount which a candidate could spend has been more than doubled. Here too, however, the ceiling applies only to candidates and to the period of the election campaign.<sup>67</sup>

In the Philippines the pertinent legislation restricts the spending of a candidate to one year's emolument of the office for which he is running.<sup>68</sup> The Philippines political system is less sophisticated than any previously considered. The effectiveness and enforceability of ceilings are therefore questionable if the results of the reporting system are any indication.<sup>69</sup> Reporting requirements and ceilings were introduced in the Philippines in an attempt to emulate the United States' system. Such limitations may well have little practical value in a political system where "buying" votes constitutes the largest campaign expenditure. Nonetheless, the limitations that have been imposed may establish norms which may speed up the process of eliminating corruption.

None of the Western European countries examined have adopted legislative ceilings on expenditures, but West Germany has experimented with voluntary interparty agreements to limit party expenditure. Corrupt practices legislation limits expenses by prohibiting activities which increase election costs.

In the United States, federal legislation imposes these ceilings: for candidates for the House of Representatives, \$2,500 or 3 cents for each vote cast for the office at the previous general election but not to exceed \$5,000; and for candidates for the Senate, \$10,000 or an amount based on the 3 cents formula but not over \$25,000. Federal legislation prevails unless state legislation prescribes a less generous limitation.<sup>70</sup>

It should be noted that this federal legislation, while placing a ceiling on expenditures which can be made by the candidate, in no way limits expenditures incurred on his behalf by other persons or groups. Except in those states where the law of agency prevails, this leaves the field wide open for expenditures on behalf of a candidate for federal office far above the ceiling specified by law. In addition, the law exempts many expenses including postage, travel expenses and

<sup>65</sup> Soukup, James R., "Japan" in "Comparative Political Finance", *Journal of Politics*, Vol. 25, No. 3, August 1963, p. 740, n. 13.

<sup>66</sup> *Ibid.*, p. 740. Soukup notes that the distinction between "election" and "regular" political expenditure was retained in the revised legislation.

<sup>67</sup> *Ibid.*, p. 740, n. 14.

<sup>68</sup> Heidenheimer, Arnold J., *Campaign Finance Outside the United States*, Survey presented to the President's Commission on Campaign Costs, January 1962, (mimeographed), p. 19.

<sup>69</sup> See Wurfel, David, "The Philippines" in "Comparative Political Finance", *op. cit.*, pp. 757-773, for details of the reporting system and also for an interesting exposition on the "cultural significance" of election expenditures.

<sup>70</sup> U.S. Code, 1958, Title 2, c. 8. s. 248; see Alexander, *op. cit.*, section III. A.1. (a).



the printing of pamphlets and brochures from inclusion as election expenses, thus raising the actual stipulated ceiling by a considerable amount. Heard comments:

The ceilings were presumably enacted to reduce the influence of expenditures on the outcome of elections and to curb the political influence of wealth. They have failed to do either. It would be hard, in fact, to prove that legislators really thought they could. The statutes are all drawn so that, as interpreted, it is legally possible to exceed whatever limit is set. Even so, politicians often choose to ignore the law rather than to take advantage of the available loopholes.<sup>71</sup>

A similar situation prevails in the states which have imposed ceilings. Loopholes exist in the "exempted expenditures" provisions, and the laws are often evaded altogether if reporting is not required and if others may freely spend on behalf of the candidates, as is usually the case. Ceilings on candidates' expenditures are thus less effective in the United States than in the United Kingdom, Australia or New Zealand. The ceilings may be unrealistically low for such an affluent society. In addition, the absence of the agency doctrine and the numerous loopholes in the laws appear to encourage evasion, thereby undermining the purpose of such legislation.

The "Florida approach" adopted in 1951 is a unique experiment in the field of election expense legislation.<sup>72</sup> Florida legislation imposes no ceiling on candidate expenditure, although individual donations are limited to \$1,000 and are forbidden from certain persons; rather the lawmakers have put their faith in disclosure and reporting, combined with strict enforcement of the doctrine of agency. The legislation provides that only a campaign treasurer or deputy treasurer may receive and expend all money spent on behalf of a candidate. All campaign funds must be paid into *and* paid out of a central campaign depository (any bank lawfully operating in the state). Direct expenditures by others on behalf of the candidate are forbidden unless authorized by the candidate or his agent.<sup>73</sup>

Because they regarded ceilings as unenforceable, the authors of the Florida legislation have aimed at some sort of control in which the electors themselves are called upon to censure at the polls those candidates whose election expenses they consider exorbitant. The detailed reporting system and the central depository all constitute part of a general scheme to ensure that electors know the actual expenses of candidates for election.

In Canada, at the federal level, no ceiling is imposed on the amount that parties or candidates may spend on campaigns. In Professor Angell's words, "There never has been, as far as can be ascertained, any such limit".<sup>74</sup> The only restriction is that candidates may not expend more than \$2,000 for personal expenses (raised in 1955 from \$1,000).<sup>75</sup> This restriction does not in any way limit the amount the candidate's agent may pay for the candidate's personal expenses, or for any other purpose which is not forbidden under the corrupt practices provisions.

<sup>71</sup> See Heard, *op. cit.*, pp. 350-351.

<sup>72</sup> For a fuller discussion of the Florida experiment, see Alexander, *op. cit.*, section IV. B.1.

<sup>73</sup> See Florida, *The Election Code of 1951*, Title IX, c. 99, s. 99.161 et seq., as amended.

<sup>74</sup> Angell, *op. cit.*, p. 12.

<sup>75</sup> See *Canada Elections Act*, 1960, c. 39, secs. 62 (4) (a) and 62 (15).



Formally Canada has adopted certain features of the British practice, including the agency doctrine.<sup>76</sup> But none would claim that the reporting provisions are adequate. Furthermore, with the exception of corrupt practices provisions which prohibit expenses of certain types, Canada, at the federal level, has no provision which limits candidates' election expenses. In 1938, a Political Expenditure Bill (Bill 90, introduced by Hon. Charles G. Power) was debated in the Canadian House of Commons and received approval from a special committee.<sup>77</sup> The bill would have restricted the amount that could be spent in any constituency to 20 cents per elector, plus \$1,000 for a candidate's personal expenses. In addition it was proposed to place the responsibility for publicity on the Chief Electoral Officer, who could initiate an inquiry on complaints filed by at least ten electors (who were to deposit \$2,000, returnable if the complaints were "well-founded"). The bill was finally allowed to drop, probably because of the war. Mr. Power reintroduced it in 1949 and it passed second reading without debate and without a dissenting voice, but Parliament was dissolved before the legislative process had been completed. In addition to these bills, there has been intermittent interest on the part of all Canadian parties, and a variety of proposals for the examination and remedy of this problem have been made.

The provincial trend for the most part has been to follow the federal lead in not imposing limitations on candidates.<sup>78</sup> There are, however, various restrictions on the manner in which candidates may spend their money. For example, in British Columbia the *Provincial Elections Act*<sup>79</sup> defines what constitutes legal expenditures, all other expenditures being forbidden. Manitoba imposes a limit on the total expenditures of a party's central organization<sup>80</sup> only and sets no limit on candidates' expenses. Alberta, British Columbia, Manitoba, Newfoundland, Nova Scotia, Ontario and Saskatchewan have followed the New Zealand practice regarding outstanding claims. All claims must be sent to a candidate's official agent within a specified time or a right to recovery is barred. There are special provisions for approval of late or disputed claims.

(a) *Limitations on Candidate's Spending: Conclusions:* Ceilings on the amount which may be spent appear to have been of only limited success. More effective in some jurisdictions than in others, they appear to work best where the doctrine of agency and adequate reporting are also in effect. By making one specific person responsible for both receiving and spending the candidate's money, the doctrine of agency centralizes financing and permits limitations to be more easily enforced. Its absence where ceilings have been imposed may actually stimulate the decentralization of campaign finance, making it even more difficult to regulate. Furthermore, provisions for reporting and publication appear to be mandatory if such limitations are to be enforceable.

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<sup>76</sup> See Chapter II of Part I of this Report "History of Canadian Election Expense Legislation".

<sup>77</sup> Canada: House of Commons, Special Committee on Electoral Matters, *Minutes of Evidence*, June 23, 1938 (typescript copy).

<sup>78</sup> See also study No. 8 "Provincial Election Expense Legislation" in Part II of this Report.

<sup>79</sup> R.S.B.C. 1960, c. 306, s. 175.

<sup>80</sup> *The Election Act*, R.S.M., 1954, c. 68, s. 168 (1), as amended by 1961, c. 14, s. 40.

Nevertheless, the expenditure ceilings in use have three major deficiencies. First, they are often too low to be realistic. Second, they generally restrict expenditures merely during the official campaign. Third, and most important, ceilings are generally limited to candidate expenditures alone. Effective ceilings must also limit the expenditures of political parties, however these mysterious entities may be defined.

Even if reporting, etc., is provided for, ceilings may be unenforceable if they are out of line with the level of spending necessitated by the traditional style of elections in the jurisdiction. If, for instance, television campaigning is common, the ceiling cannot be considered realistic if it does not permit the spending of enough money to cover this cost. Ceilings which may have been reasonable at the time of their enactment may quickly become unreasonable if they are not updated when the style of elections changes.

## 2. Other Spending Limits

(a) *Parties*: Manitoba legislation defines a political party and sets a ceiling on the amount the party may spend. The *Manitoba Election Act* states:

The total electoral expenses incurred by the central or general committee of any political party, or by or through any officer or member thereof, in connection with a general election for the Legislative Assembly, shall in no case exceed the sum of *twenty-five thousand dollars*; and no such expenses shall be incurred or authorized except for a central office, the holding of public meetings, radio broadcasting, the presentation of election literature, and the publication, issue, and distribution, thereof. [Emphasis added]<sup>81</sup>

The same Act also provides for full reporting by parties of contributions, all election expenses and all outstanding claims. [s.168 (2)]. The Act defines a political party as:

An affiliation of electors comprised in a political organization whose candidates received, in the aggregate, at the last preceding general election at least five per centum of all the votes polled thereat.<sup>82</sup>

It should be noted that the Manitoba limitations on party expenditures are applicable only to provincial elections and cover only the period of the election. Little is actually known about the enforcement of this ambitious legislation and it is unusual that such limitations should exist in a jurisdiction where there is no ceiling imposed on a candidate's expenditures. One of the effects of this ceiling may be the strengthening of the position of the candidate *vis-à-vis* the central party organization, and the ceiling may be a product of the loose party system that has prevailed in that province.<sup>83</sup>

(b) *Committees*: As has been noted, United States' law provides that political committees may neither receive nor spend more than three million dollars during any calendar year. This is the only expense limitation uncovered which applies to a period other than that of the campaign. The limitation appears to be less than useless. Most committees wilfully violate the provision, and its existence has merely led to the formation of additional committees.<sup>84</sup>

<sup>81</sup> *Ibid.*, The limit previously was \$15,000.

<sup>82</sup> *Ibid.*, s. 2 (2).

<sup>83</sup> See also study No. 8 "Provincial Election Expense Legislation" in Part II of this Report.

<sup>84</sup> See Heard, *op. cit.*, pp. 352-354 for full details.

## B. Restrictions on Activities

In almost every jurisdiction considered there exists a multiplicity of provisions which forbid certain activities; most of them are enacted strictly in the interests of the purity of the electoral process, but they may also limit election expenses. Corrupt practices laws usually prohibit such practices as bribery, buying of votes and "treating", all expensive activities. However, candidates have found new ways in which to spend their money in order to influence the electors in their favour.

There are instances where legislation has been passed to restrict activities with the specific intention of limiting expenses. In some cases, facilities are offered free to candidates and they may then not spend money to gain extra facilities. In Japan, radio time is offered free and candidates may not purchase extra time. In Australia and France, the number and the size of election posters have been limited by law. Israel has attempted to control the cost of elections<sup>85</sup> without any direct legal provisions concerning party financing. Emanuel Gutmann reports that:

None of the more far-reaching provisions, such as a legal ceiling on election expenditures, has yet been passed into law. Instead, it has been considered more realistic to impose technical restrictions finally enacted in the Elections (Modes of Propaganda) Law of 1959. Restrictions are imposed on the size of election posters... Prohibited are the use for electioneering purposes of lights except for the illumination of the letter of the candidates list, of aircraft or vessels, of entertainment programs, the exhibition of films and torchlight parades and so forth.<sup>86</sup>

But Gutmann himself concludes that "The size of election budgets clearly indicates, however, that other ways have been found to spend enormous sums on elections,"<sup>87</sup> thus revealing the need for some other form of limitations.

These examples indicate that, in the absence of ruthlessly enforced ceilings, the restriction of election expenses by limiting legal activities is at best a restraining factor. Restrictions imposed in a jurisdiction where ceilings already exist may serve simply to reallocate expenses rather than to reduce them. For example, if purchasing television time is forbidden, candidates may spend their money by showing movies, or buying more newspaper space. The items and activities on which money can be spent in an election would form a lengthy list, and ingenious politicians can always think up new ways when established ways are exhausted.

## C. Voluntary Agreements to Limit Election Expenses

Self-regulation on the part of candidates or parties is an ideal to which some nations have aspired in their attempts to limit election expenses. Voluntary interparty agreements to limit election expenses, if they bound all parties and

<sup>85</sup> Laws of the State of Israel, Vol. 13 (5719-1958/59) (authorized translation from the Hebrew) pp. 146-149.

<sup>86</sup> Gutmann, Emanuel, "Israel" in "Comparative Political Finance", *The Journal of Politics*, Vol. 25, No. 3, August 1963, p. 708.

<sup>87</sup> *Ibid.*, Also see Paltiel, K. Z., *The Progressive Party: A Study of a Small Party in Israel*, unpublished Ph.D. dissertation, Hebrew University of Jerusalem, June 1964, (typescript) *passim*.



candidates, and if enforced by sufficiently stringent sanctions, would be an almost ideal way in which to regulate election expenses. Such agreements must usually be renewed every few years and could, therefore, be updated to keep pace with new developments in campaign styles. Finally, self-regulation by the parties would do much to dispel the cynical attitude on the part of the public toward campaign financing. This is indeed a rosy vision, and the actual working and effectiveness of such agreements must be examined.

Voluntary agreements between the parties on such matters as the size, posting and printing of posters have existed at one time or another in Sweden, Finland and Israel. In addition, the parties in these three countries, plus Canada, have attempted to limit certain kinds of press advertisements. None of these agreements lasted long. They were undermined by the feeling on the part of each party that the others were breaking the agreement in some way which might give that small "edge" needed at the polls. Parties who are contestants in a campaign and who believe that money buys votes (not in the literal sense) are hard put to keep to such agreements when they feel their potential chances of gaining power will be harmed. In addition, such agreements have been found difficult to enforce, simply because they are voluntary. The situation between opposing parties can in some ways be compared to the situation between countries in the old League of Nations. Since each voluntarily agrees to the terms of the pact, each can withdraw its assent at any time. The punishment of violators is also difficult since a sufficiently stringent penalty (such as disqualification in the election) can be imposed only by law. In general, then, these partial agreements have been failures.

In West Germany, in 1965, an interparty agreement was signed which tried to regulate more than a few aspects of campaign costs.<sup>88</sup> It aimed at limiting the activities of parties and set a total amount which they were not to exceed in their campaign spending. This agreement was much more comprehensive than any previously attempted, but the same problems remained. Although all of the results of this agreement are not yet known, it appears that it has not effectively reduced election costs. The parties' suspicion of one another and their desire to gain power, fortified by a belief that money expended in campaigning will lead to extra votes, have all led to violations of the agreement. Because of its complexity, enforcement and the imposition of sanctions are difficult. Finally, several of our West German informants have suggested that there are loopholes in the agreement which permit more spending than the written terms might indicate.

In general, it must be concluded that voluntary agreements can be of only limited success. Voluntary agreements with no real mode of enforcement will be just as much "dead letters" as are ceilings without modes of enforcement. But such agreements cannot be evaded on the grounds that they are unreasonable or out of date if the parties formulate their terms anew for each election. Perhaps, in such instances, the public would consider breaches of the agreement a more serious offence than instances in which parties and candidates evade ceiling limitations which many consider outdated and unreasonable.

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<sup>88</sup> Full details of this agreement, plus enforcement provisions, may be found in the appendix to this study, where a translation of the agreement is reproduced.



#### IV. CONCLUSIONS

Any examination of existing limitations makes clear the interdependence of various means of control. Limitations, whether statutory or voluntary, must have some formula for enforcement and a system of sanctions attached if they are to be effective. This raises the questions of reporting, publication, and so on. Effective legal restrictions on the source or amount of political contributions require that some system of reporting be provided. The onus for reporting can be placed either on the donor or the recipient or both. Penalties for infractions should be sufficiently stringent to discourage violations.

The doctrine of agency can simplify enforcement of limitations on income and expenditure, since it requires that all financing be centralized, thus making control more simple. But this doctrine is not a magic formula, as may be seen in the contrasting results in Canada and the United Kingdom.

Without some adequate system of reporting, expenditure limitations are almost always doomed to failure. If limits are reasonable and a complete report of expenses is required and published, ceilings on legal expenditure appear to be relatively effective.

The total effect of forbidding contributions from particular sources or above certain amounts also must be estimated before such restrictions are imposed. It should be considered whether the benefits to be gained actually warrant depriving the parties of a source of funds, since these may lead to evasion or resort to less savoury sources. If the benefits to be gained are considered worthwhile, attempts must be made to provide alternative sources of funds. The publication of the sources of contributions may make possible regulation by the electorate. Public disapproval of certain sources may lead to self-regulation by candidates and parties.

It has been stressed throughout this study that limitations of whatever type can be effective only if they are "reasonable", and take into account the fact that elections cost money. The maintenance of political parties during the periods between elections also costs money. The amount of money required is largely determined by the "style of elections" and the "style of politics" in the jurisdiction involved. By "style" is meant those practices which are normally accepted by the participants and the electorate as legitimate election activities. There are cases where parties and candidates spend more money on elections than they need to, as well as cases of unwise expenditures. Nevertheless, it is the style of elections, determined mainly by the tastes, habits and desires of the electors, which determines the cost of elections. Campaign styles do not develop divorced from the general political and social norms and conditions of a society. Thus, the society must be willing to accept the fact that there is only a certain range within which expenses can be limited without forcing a change of "style". A reasonable limitation on both income and expenditures must be one which permits parties and candidates to raise and spend enough money to present their platforms and policies before the public in the manner demanded by the style of elections.

It is essential to determine what is the principal problem that limitations are designed to solve. This study has revealed that limitations on sources were often imposed to protect the purity of the electoral system. Ceilings on expenditures have been imposed either to keep election costs low or to achieve some sort of equity among parties and candidates. A number of practical problems are

involved in setting limitations. Whether such ceilings are actually reasonable and equitable is a matter for empirical determination in each case. If aimed at lowering election costs, what standard of reasonableness is to be applied? And will the limitations applied in fact lower election expenses?

Expenditure limitations can have other effects on the political system than reducing election expenses. Ceilings in the United States have been influential in bringing about a decentralization of election and party financing. Also, ceilings imposed on candidates' expenses but not on those of the parties may affect the organization of the parties, as appears to be the case in the United Kingdom. If certain sources are forbidden to parties or candidates, this too may have an effect on the political system by changing the centers of influence. Clearly limitations cannot be imposed in a vacuum; they are likely to have effects on parties, the relationships of candidates to parties, and the relationships between parties and the electorate.

Political financing can be regulated with a view to honesty and equity. Limitations on their own, however, cannot achieve any of the ends offered as their justification. They must be seen as only part of a whole. An important additional part of the whole must be a vigilant attitude on the part of the electorate toward election expenses and party financing. Limitations cannot be effective as long as the public believes that the financial aspect of politics is inevitably corrupt and that regulation is forever doomed to failure. A realistic portrayal of the role money plays in politics, and of the true cost of elections, can be the best antidote to public cynicism.

## APPENDIX

### *West German Voluntary Agreement\**

The agreement on the limitation of campaign expenditures signed on January 9th, 1965, has the following wording:

In the common desire to conduct a fair campaign and prevent a further increase in campaign expenditures, the Executive Boards of

the Social Democratic Party of Germany represented by Willy Brandt, Chairman, Alfred Neu, Treasurer

the Christian Democratic Union of Germany represented by Josef-Hermann Dufhues, Acting Chairman, Professor Dr. Fritz Burgbacher, Treasurer

the Free Democratic Party represented by Dr. Eric Mende, Chairman, Hans Wolfgang Rubin, Treasurer

the Christian Social Union in Bavaria represented by Franz-Josef Strauss, Chairman, Dr. Friedrich Zimmermann, Treasurer

in the following called "the parties", conclude the following agreement on the conduct of a fair election campaign and on the limitation of the campaign expenditures.

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\* Translation provided by Arnold J. Heidenheimer.

### No. 1

The parties commit themselves to conduct the election campaign for the election of the fifth Federal Diet in an objective and fair manner. They will energetically use their influence on their party organizations, on their members and candidates, in the press, radio and television and on the organizations which support them that this goal is achieved.

### No. 2

The parties commit themselves to limiting expenditures and credit for the central campaign of the national parties and their state organizations in the time period from January 1, 1965, until September 30, 1965, to 15 million DM each. The amount shall be decreased by  $1/38$  for each million of people of voting age in that state in which the party does not offer a state ticket for the Federal Diet. If the party does not offer a state ticket in several states, the figures for those people of voting age have to be added temporarily. Standard for the computation is the number of those of voting age at the time of the Federal Election of 1961.

Deviating from the above standards the amount to be spent for the central campaign by the Christian Social Union is limited to 4 million DM.

### No. 3

In the expenditures and credit limited in No. 2 the production and distribution costs for the following means of advertising are included:

posters

any type of advertising in newspapers and periodicals  
movies, slides, tapes for advertising in movie theaters

leaflets and brochures including special issues of periodical  
publications

if they are being put on order centrally for the area of the Federal Republic or of individual states.

### No. 4

Each party will permit an auditor of its own choice to determine the actual amount of the election expenditures by checking the books. The auditor will make a public statement prior to June 30, 1966 in which he either states that the party complied with the limitations of expenditures as stated in No. 2, or if this is not the case publishes the actual amount of the campaign expenditures of the party.

### No. 5

The parties commit themselves to limit their central campaign measures as stated in No. 3 for posters to the last 30 days and for advertising measures of all other types in newspapers, periodicals to the last eight weeks prior to election day.

In the event of unexpected, unusual circumstances the parties reserve the right to deviate from No. 1 on the basis of mutual understanding.

No. 6

The parties commit themselves to extend their influence on their areal organizations to limit poster advertising to such places which are owned by the party or which are provided by the municipalities free of charge and that any type of "wild postering" will be prevented.

The parties will recommend to their areal organizations to conclude agreements with the areal organizations of the other parties regarding the details, in which further limitations shall be supported.

No. 7

The parties commit themselves not to distribute centrally more than two printing matters to all households and these only during the last six weeks.

No. 8

The parties commit themselves to renounce any type of air advertising and any type of commercial television or radio advertising, even by stations located outside the Federal Republic.

No. 9

Offences against this agreement shall be brought before an arbitration committee. Details are arranged in an arbitration agreement.

No. 10

For the election campaign to the Saarland Election a special agreement in accordance with this agreement will be concluded.

No. 11

This agreement is valid from January 1, 1965 until December 31, 1965. The deadline in No. 4 remains untouched.





# 2

## REPORTING OF PARTY AND CANDIDATE INCOME AND EXPENDITURES

### I. REPORTING OF POLITICAL FINANCES

One of the most consistent themes throughout this Report is the diversity of approaches to the financing of election campaigns in democratic political systems. Perhaps the only area of reasonable agreement is that election costs should be controlled.

Among the most commonly advocated devices for the control of election costs are the reporting and public disclosure of these costs. This study discusses the rationale underlying reporting and public disclosure, and the legislation used in Canada, the United States, and in Commonwealth and European countries, to enforce the reporting and publication of election campaign income and expenditure.

#### *A. The Rationale of Reporting and Public Disclosure*

Two dominant and distinct approaches toward reporting and public disclosure of money received and spent in elections can be distinguished. First, reporting may be regarded as an administrative necessity in the enforcement of limitations on expenditure. Second, reporting may be only the prerequisite for the publicizing of political finance.

In the United States, disclosure is justified because in some jurisdictions there is illegal for specifically designated individuals and groups to contribute money to political parties, e.g., civil servants, racetrack owners, corporations and trade unions. A complete disclosure of all contributions made during an election campaign is therefore administratively necessary to reveal if any such individuals or groups contributed illegally.

#### *1. Political Campaign Income*

Some would advance the argument that a large donation to a campaign fund is intended to influence the voting of others. It is therefore a public act and

should be made public. A more widely held view is that if donations were made public, it would be easier for candidates to resist pressures by donors for favours. Disclosure also permits an analysis of the connection between donations and appointments.<sup>1</sup> Publicizing contributions would curb the entry of undesirable, tainted or criminal money into the campaign, because candidates who accepted such money might be adversely affected at the polls.

Many believe that the reporting of political income would remove the mystery from the financial aspect of politics, and might foster the development of realistic attitudes on the subject. Politics cost money and this money must be collected somewhere. Reporting might change the attitude that political contributors are purely self-seeking. This, in turn, might lead to an increase in public confidence, a broadening of the base of political donations, and a consequent decrease in the influence of each individual contributor. It is felt by some students of the subject that "The dependence of candidates on large contributions can best be dealt with by encouraging a growth in small gifts and by an improved system of disclosure."<sup>2</sup>

## 2. Political Campaign Expenditure

The support for disclosure of political expenditure stems from the same rationale as support for disclosure of political contributions. Certain countries have attempted to limit election expenditures by setting up legal maxima. Others have decided that only certain types of expenditure will be considered legal. Reporting thus becomes an administrative necessity to enforce such restrictions.

Some observers have felt that if the electorate is shown exactly how much an election campaign costs, and is made to comprehend what the objectives of an election campaign are, the electorate may realize the necessity and validity of much of the expenditure. This in turn may remove much of the stigma attached to campaign expenditures. It can be argued too that publicizing may force those spending money in election campaigns not to stray beyond what the general public feels is reasonable. This would not necessarily lead to an automatic decrease in expenditure because the public might demand that more money be spent to increase the general level of "political education." Publicizing of election expenses may also permit a self-policing system to develop. This is probably the best system if there are regulations to be observed. Under these conditions the laws are enforced by opposing candidates anxious to penalize their competitors, by the watchdog press, and by interested individuals and groups as well as state officials (e.g. auditors).<sup>3</sup>

It may be concluded that "an effective publicity system will create financial accountability, increase public confidence in the electoral process and curb excesses and abuses by increasing political risk for those who would undertake sharp practices."<sup>4</sup>

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<sup>1</sup> Alexander, Herbert E., *Financing the 1960 Election*, Citizens' Research Foundation Study No. 5. Princeton, N.J., 1962, pp. 106-108.

<sup>2</sup> *Financing Presidential Campaigns*, Report of the President's Commission on Campaign Costs, United States Government Printing Office, Washington, 1962, p. 17.

<sup>3</sup> Alexander, Herbert E., *Money, Politics and Public Reporting*, Citizens' Research Foundation, Study No. 1, Princeton, N.J., 1960 p. 69.

<sup>4</sup> *Ibid.*, p. 7.

## B. Requirements for Effective Reporting

In considering the reporting of political finance there are three areas which should be emphasized: accuracy, enforcement, and publicity.

### 1. Accuracy

The concept of accuracy involves the honesty and exactness of the reports made by the candidates, plus the question of whether the coverage of the reporting is broad enough to give a correct picture of political finance. Honesty will depend to some degree on the country's political culture and tradition. If there are short-range reasons for filing a false report, such as the existence of unrealistically low expenditure limits, a general disrespect for both reporting and limitations may develop. The practicability of the reporting procedure is also a factor. Over-complexity may lead a candidate to file an inaccurate or false report. Records kept by a certified public accountant, as in the State of Florida, and verified by a government auditor, are most likely to be accurate, although the cost may be high.<sup>5</sup>

The coverage of the reporting requirements will to a large degree determine the usefulness of the reports. A post-election report alone may have administrative uses, but makes no impact on the outcome of the campaign. The publication of contributions and expenditures during the campaign, and before the election, with measures taken to limit or prohibit last-minute giving and spending, is apt to be more effective.

Whether reporting should include the costs of primaries (as in the United States), nominations, and annual party maintenance, or cover only campaign expenses, raises special problems. In some countries the official campaign period is short; e.g., in Great Britain it is three weeks, commonly every four or five years. It is obvious that much crucial political expenditure takes place during inter-election periods without being reported. An accurate picture of political finance would emerge only if there was reporting for the inter-election years. In some of the American states where one party predominates, the primaries to choose that party's candidate are tantamount to an election. The financing of such primaries should be exposed. The same could be said of the very expensive presidential primaries.

Discussion of coverage raises the question of what people or groups should be required to submit reports. It is important to find out through whose hands the money goes and require them to submit reports. In countries using the British model (Canada, Australia and New Zealand, for example) only the candidate's finances are reported by him or his agent. However, most of the money is raised and spent by national parties or front organizations which are not required to disclose their finances. The published reports consequently present a distorted and partial picture of campaign finance.

Effective reporting laws must be related to the workings of the political system to which the legislation is to apply. An understanding of who collects and who spends the money is required. Only with this information, a knowledge of the country's political culture, and some idea of the goals sought, is it possible to draft sound reporting legislation.

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<sup>5</sup> Roady, Elston, "Ten Years of Florida's 'Who Gave It—Who Got It' Law", from the symposium on *The Electoral Process, Part II, Law and Contemporary Problems*, Duke University School of Law, Durham, N.C., Summer, 1962, p. 442.



## 2. Enforcement

Enforcement depends to a large degree on the attitude of those enforcing the law and the nature of the prevalent political culture. If it is commonly felt, for example, that legal expenditure maxima are unreasonably low, then it is highly likely that violations will not be prosecuted. If penalties are light but enforced, then candidates will violate the law when they consider it necessary. The penalties should be heavy enough to deter violation and yet not so harsh as to discourage application.

Enforcement should not be left to private individuals or opposing candidates alone. The former seldom have sufficient interest or nerve or private funds for court suits, while the latter may even be partners with their opponents in a tacit agreement to evade the law. Nor should the enforcement agent be a local resident, for he may be too familiar with the candidates to take strong action. Those responsible for receiving reports must check them for errors and report any violators to an enforcing body. The latter should take the initiative in investigating suspected violations and should then exact penalties. The penalizing of several serious violators would probably lead to closer observance of the law.

## 3. Publicity

If the reporting of political finance is to have any general impact, the reports must be well publicized. They must also be intelligible to the unsophisticated reader. Important facts must be separated from trivial detail.

All major mass media, including newspaper, radio, and television could be used to provide an effective system of publicizing the reports. However, the newspaper would probably be the primary method.

The more accurate and complete the reports, the more likely they would be to get coverage. Reports released to the newspapers shortly before the elections would have great topical value and interest. This might even imply the need for a professional or official publicizing agency to tabulate and distribute information collected on the various aspects of political finance.

# II. REPORTING IN OTHER COUNTRIES

## A. United Kingdom

### 1. Reporting of Contributions

Election law in the United Kingdom has provisions for the reporting of election expenses<sup>6</sup> but does not cover contributions. The Labour Party, however, voluntarily reports roughly 50 per cent of its annual income. Yet the Conservatives point out that Labour fails to disclose income from unions or co-operatives which indirectly aids the party, or the unpaid campaign working force Labour derives from the unions. The Liberal Party reports the form but not the sources of its annual income.<sup>7</sup> In 1948, the Conservative Party's Maxwell Fyfe Committee on Party Organization recommended that the party publish an annual financial statement to encourage more generous contributions, but as yet no action has been taken.

<sup>6</sup> *Representation of the People Act, 1949*, 12 & 13 Geo. 6, c. 68, s.69.

<sup>7</sup> Rose, Richard, "Money and Election Law" *Political Studies*, Oxford, IX, 1 Feb. 1961, p. 7.

The disclosure of contributions to the Conservative Party, however, would be of little value unless the expenditure of the front organizations, such as Aims of Industry and the British Iron and Steel Federation could also be controlled or exposed. These groups spent four times more than the Conservatives and fourteen times more than Labour on politically relevant advertising in the year prior to the 1959 election.<sup>8</sup> One group, the United Industrialists Association, canvassed managing directors in 1959 for "large donations", 90 per cent of the total to go to the Conservative Party. The sources of these organizations' contributions would have to be publicized if the reporting of donations were to convey a complete and true picture of election costs.

## 2. Reporting of Expenditures

The *Representation of the People Act, 1949*, imposed ceilings on spending by candidates. These campaign expenditure maxima (£450 plus two or one and a half pence per elector depending on whether the constituency is urban or rural)<sup>9</sup> led to the creation of a reporting system. All expenditures made in support of a particular candidate must be made by or through the official agent of the candidate.<sup>10</sup> Within 35 days after election day, the agent must submit to the returning officer a sworn account of all the election expenditures, personal and general, and a statement of money or securities received by the agent for campaign expenditures incurred or to be incurred.<sup>11</sup> The records are open to the public for two years, after which they are returned to the candidate or destroyed.<sup>12</sup> The returning officer must publish a summary of the report in two constituency newspapers,<sup>13</sup> and as further publicity the Home Office publishes a booklet containing the returns of all candidates.<sup>14</sup>

Failure to submit a report may be excused by a court on the grounds of illness, absence, death or misconduct of an agent, or practically any other reasonable cause.<sup>15</sup>

## 3. Penalties

If a successful candidate fails to submit his report on election expenses before the deadline, he may be fined £100 for every day he sits or votes in Parliament.<sup>16</sup> To overspend the legal maximum is an illegal act and if an agent deliberately falsifies the information he is guilty of a corrupt act.<sup>17</sup> The Act provides in this respect:

(1) Penalty for illegal acts: a fine not exceeding £100 and if the candidate is personally guilty, 5 years ineligibility for the register of electors.<sup>18</sup>

(2) Penalty for corrupt acts: imprisonment not exceeding one year or a fine not exceeding £200.<sup>19</sup>

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<sup>8</sup> Butler, E.D., and R. Rose, *The British General Election of 1959*, Macmillan, London, 1960, pp. 244-48, 253.

<sup>9</sup> *Representation of the People Act, 1949*, s. 64 (2).

<sup>10</sup> *Ibid.*, s. 61 (1).

<sup>11</sup> *Ibid.*, s. 69 (1).

<sup>12</sup> *Ibid.*, s. 77.

<sup>13</sup> *Ibid.*, s. 76.

<sup>14</sup> *Election Expenses*, British Home Office and Scottish Office, London, 1965.

<sup>15</sup> *Representation of the People Act, 1949*, s. 74 (3).

<sup>16</sup> *Ibid.*, s. 73.

<sup>17</sup> *Ibid.*, s. 70 (4).

<sup>18</sup> *Ibid.*, secs. 140 (4) and 147.

<sup>19</sup> *Ibid.*, s. 146 (2).

If a winning candidate or his agent is found guilty of a corrupt or illegal act, his election is void. A candidate personally guilty of a corrupt act is ineligible to run in the same constituency again for 10 years and ineligible for Parliament, public and judicial office for five years. Ineligibility for the constituency is seven years if the agent is guilty of a corrupt act, and for the duration of the Parliament if the agent has committed an illegal act.<sup>20</sup> Prosecutions may be initiated by an individual, the Attorney-General, or the Director of Public Prosecutions.

The reporting requirements were originally designed to hold the candidate to the expenditure limitations. However, the maxima are now considered by many to be unrealistically low and candidates resort to various subterfuges. Thus their reports may not be true indications of what was actually spent.<sup>21</sup>

British law requires that only the candidates or their official agents report contributions and expenses, while in fact the important contributions and expenditures are made at the national party level. Furthermore, reporting covers only the short three-week campaign period and neglects the inter-election years. For example, there was no reporting to show that between 1957 and 1959 the Conservatives spent some £468,000, while the Labour Party spent about one fifth of this amount. Most important, the reporting requirements entirely fail to cover the front organizations such as the Economic League and Aims of Industry,<sup>22</sup> which in the year prior to the 1959 election spent an estimated £1,435,000 in politically relevant activities.<sup>23</sup> Clearly the reporting system reveals little about several important aspects of the financing of British politics.

Furthermore, since the reports are published in the newspapers only after the election, they are unlikely to hold interest for the electorate or to affect future voting. The Home Office booklet fails in terms of publicity for the same reason, and merely serves as a permanent summary of candidates' campaign accounts.

Also, enforcement is not very strict. Few violators are tried, because the state has decided to leave the initiation of prosecution to individuals. The low expenditure maxima have led to tacit agreements to excuse reasonable violations. A party will not attack its opponents in this area, because a self-defeating cycle would follow in which its own abuses would be exposed. An election petition to punish a false statement of expense has not been used by a major party since 1929.<sup>24</sup>

## B. New Zealand and Australia

### 1. Reporting of Contributions and Expenditures

Reporting in New Zealand and Australia is similar to the British model. In both countries, reporting is necessary because of the existence of maximum expenditure limits. In New Zealand, claims against candidates for expenditures must be made within 30 days following the election and paid within 60 days.<sup>25</sup> Within 70 days the candidate must submit to the returning officer a report of his

<sup>20</sup> *Ibid.*, secs. 139, 140.

<sup>21</sup> Butler and Rose, *op. cit.*, pp. 144-145.

<sup>22</sup> See Harrison M., "Britain," in Comparative Political Finance, Rose and Heidenheimer, eds., Reprint from *Journal of Politics* for the International Study Group on Political Finance, Vol. 25, No. 3, August, 1963, p. 667.

<sup>23</sup> Butler and Rose, *op. cit.*, p. 252.

<sup>24</sup> *Ibid.*, pp. 144-145 and 280.

<sup>25</sup> *Electoral Act, 1956*, Statute No. 107, s. 133.



expenses including bills and particulars for all expenditures of over £ NZ 2.<sup>26</sup> Failure to file a report results in a fine not exceeding £ NZ 50 plus further fines of £ NZ 20 for every day the individual sits or votes in the House of Representatives.<sup>27</sup> These reports are open to public inspection for one year and a two shilling fee.<sup>28</sup> Some observers feel that since the country is small, violators are easily detected by opponents, and reports of election expenses therefore tend to be accurate and honest.

The Australian expenditures maximum is generally considered unrealistically low and candidates are said to violate it frequently without prosecution.<sup>29</sup> Nevertheless, the reporting requirements are more extensive than in the United Kingdom.<sup>30</sup> Within eight weeks after the declaration of the election results, all candidates must submit sworn statements of their election expenses and disputed claims, including receipts for expenses over £ A 2, to the Commonwealth Electoral Officer of their State.<sup>31</sup> These reports are open to public inspection for six months following the election. Penalty for failure to report may not exceed £ A 100 or six-months' imprisonment.<sup>32</sup>

It is noteworthy that the Australian law attempts to cover those groups which may make sizeable election expenditures and yet would not be covered in the candidates' reports. Trade unions, organizations, associations, groups or individuals who expend money on behalf of or in the interests of a candidate or party must, within twelve weeks after the election, submit a sworn and detailed report of these expenses, to the Commonwealth Electoral Officer.<sup>33</sup> These reports are open to the public, and failure to submit one may result in a £ A 50 fine. Deliberate falsification of a report, or refusal to make a report on the request of the Chief Electoral Officer, is punishable by £ A 100 fine or six-months' imprisonment.

## 2. Reporting of Newspaper Advertising in Australia

Of particular interest is the Australian law requiring newspapers to submit a statement of the amount of political advertising sold, plus the cost and the purchaser. Failure to comply can result in a £ A 100 fine.<sup>34</sup> These reports are open to public inspection and failure to file means a £ A 100 fine. This system provides more accurate statements, for there is reporting from both ends of the process: from the seller and from the candidate buyer. It also prevents groups from underhandedly subsidizing a party by buying newspaper advertising space for it and thus avoiding reporting the expense.

The relevant sections of the Act follow:

### *Return by newspaper proprietors.*

153.—(1) The proprietor or publisher of a newspaper published in the Commonwealth shall, in accordance with this section, made or cause to be made a return setting out the amount of electoral matter in con-

<sup>26</sup> *Ibid.*, s. 136.

<sup>27</sup> *Ibid.*, s. 137.

<sup>28</sup> *Ibid.*, s. 138.

<sup>29</sup> Crisp, F. L., *The Parliamentary Government of the Commonwealth of Australia*, Melbourne, 1949, New Haven, Yale University Press, 1949, p. 65.

<sup>30</sup> *Commonwealth Electoral Act 1918-1962*, as amended, s. 152.

<sup>31</sup> *Ibid.*, s. 151.

<sup>32</sup> *Ibid.*, s. 162 (b).

<sup>33</sup> *Ibid.*, s. 152.

<sup>34</sup> *Ibid.*, s. 153.



nexion with any election inserted in his newspaper in respect of which payment was or is to be made, the space occupied by such electoral matter, the amount of money paid or owing to him in respect of such electoral matter and the names and addresses of the trade unions registered or unregistered, organizations, associations, leagues, bodies of persons, or persons authorizing the insertion thereof.

Penalty (on proprietor): One hundred pounds.

(2.) In this section "electoral matter" includes advertisements, articles, and other matter intended or calculated to affect the result of the election.

(3.) Where an election for the Senate and a general election for the House of Representatives take place on the same day, the particulars as regards both elections may be included in one return.

(4.) The return shall be in accordance with the prescribed form, and be signed by the person making it, and shall be declared to before a Justice of the Peace, and shall be filed with the Commonwealth Electoral Officer for the State in which the newspaper is published within twelve weeks after the result of the election has been declared.

(5.) Every return made in pursuance of this section shall, subject to the regulations, be open to public inspection.

#### *Heading to electoral advertisements.*

**163.**—(1.) The proprietor of every newspaper shall cause the word "advertisement" to be printed as a headline in letters not smaller than ten point or long primer to each article or paragraph in his newspaper containing electoral matter, the insertion of which is or is to be paid for or for which any reward or compensation or promise of reward or compensation is or is to be made.

Penalty: Fifty pounds.

#### *Articles to be signed.*

**164.**—(1.) On and after the date of issue and before the return of any writ for the election of a Member of the Senate, or of the House of Representatives, or for the taking of any referendum vote, every article, report, letter, or other matter commenting upon any candidate, or political party, or the issues being submitted to the electors, printed and published in any newspaper, circular, pamphlet, or "dodger" shall be signed by the author or authors, giving his or their true name and address or names and addresses at the end of the said article, report, letter, or other matter, or where part only of the article, report, letter, or matter appears in any issue of a newspaper, circular, pamphlet, or "dodger", at the end of that part.

Penalty: Fifty pounds.

(2.) Any newspaper editor or proprietor who permits, in any newspaper which he edits or owns, the publication of any unsigned article, report, letter or other matter commenting upon any candidate, or political party, or the issues being submitted to the electors after the issue and before the return of any writ for the election of a member of the Senate, or of the House of Representatives, or for the taking of a referendum vote, shall be deemed guilty of an offence against this Act.

Penalty: Fifty pounds.

(3.) This section shall not apply to the publication in a newspaper of—

- (a) a leading article; or
- (b) an article in a newspaper which consists solely of a report of a meeting and does not contain any comment (other than comment made by a speaker at the meeting) upon any candidate, or political party, or the issues being submitted to the electors.

## C. West Germany

### 1. Reporting of Contributions

In Germany the Basic Law (Constitution) stipulates that political parties must publicly account for the sources of their funds.<sup>35</sup> But as yet no enabling legislation has been passed to bring this section into effect.<sup>36</sup>

One attempt to secure some form of reporting was made in the 1963 Political Parties Draft Bill.<sup>37</sup> The following sections of this bill may be of interest, although never enacted.

**Art. 22—**(1) The highest party executive committee must publicly account in a statement of account for the means (*Mittel*) received by the party during the calendar (or fiscal) year.

(2) The statement of account must be reviewed by a licensed auditor  
.... It shall be submitted to the Federal Election Supervisor not later than the September 30 of the year following the fiscal year and it shall be published by him in the *Bundesanzeiger*.

**Art. 23—**(1) The statement of account shall list the incomes of the federal organization and of the separate Laender organizations separately....

(2) The following shall be itemized in the income account:

1. membership dues;
2. contributions by parliamentary parties and similar regular contributions by officials;
3. income from properties, events (*Veranstaltungen*), distribution of printed materials, and other income-producing party activities...
4. income from independently operating business establishments and institutions;
5. gifts by (a) members or (b) non-members;
6. credits.

....  
(4) A party may attach short explanations to the statement of account, and particularly to individual items of it.

**Art. 24—**(1) Income shall be... every receipt of money or things of value involving an obligation for restitution, indemnification or repayment....

### 2. Reporting of Expenditures

From 1959 to 1966, the parties received direct government subsidies. The parties were not limited in how they spent this and only a loose, undetailed report of the expenditures was required.

In January, 1965, an informal interparty agreement was reached designed to limit the length of the campaign, the cost of the election, and scope of advertising to be used by the parties.<sup>38</sup> The agreement, which terminated on September 30, 1965, included a section requiring the auditing of party books by an auditor of the party's choice by June 30, 1966. The pact was effective only for the 1965 election and will have to be renewed if it is to have any continuing

<sup>35</sup> *Basic Law of the Federal Republic of Germany* (1949), Article 21 (1), translation in *Source Materials on the Government and Politics of Germany*, Lane and Pollock eds., Wahrs Publishing Co., Ann Arbor, Michigan, 1964, p. 11.

<sup>36</sup> Heidenheimer, A. J. *Campaign Finance Outside the United States*, p. 24.

<sup>37</sup> *Source Materials on the Government and Politics of Germany*, p. 227.

<sup>38</sup> The text of this agreement is reproduced in full in the Appendix to study No. 1 "Control and Limitation of Election Expenses in Modern Democracies" in Part II of this Report.

effect. The reporting will come so long after the election that it can have no publicity value, but can only ensure the adherence to expense limitations. Other than these, there are no general legal provisions for the reporting of campaign expenditures.

#### *D. France*

##### *1. Reporting of Contributions*

In France the parties are not obliged by law to reveal the sources of their income either during or between elections. Yet as early as 1924 attempts were made to expose the important sources of political money. In that year a commission was set up to investigate the manner in which the Union of Economic Interests (a group of big corporations) intervened in the previous election. The commission failed to carry out a complete investigation but the fact that it was created showed some interest in more comprehensive legislation in this area.

##### *2. Reporting of Expenditures*

There are no general requirements to report election expenses other than the candidate's personal posters and pamphlets. In 1956 the candidate was able to send out a free mailing of ballots and two free distributions of pamphlets. Since 1958 the state has reimbursed all candidates who receive over five per cent of the vote for the cost of ballots, posters, pamphlets and papers. For this reason it is necessary for candidates to publish the amounts spent on these forms of propaganda, but for no others.<sup>39</sup>

In summary, France has almost no legal obligations for parties to reveal their expenditures either during or outside of election periods.

#### *E. Italy*

##### *1. Reporting of Contributions and Expenditures*

Italy, like France, has little or no legislation on the reporting of party income and expenditures. In 1963 the Italian Government expressed interest in passing such legislation, but apparently no action was taken. Earlier, in 1958, Senator Luigi Sturzo proposed a bill to regulate political income and expenses which included several sections on reporting. The pertinent recommendations are summarized below.

**Art. 2.** Every party must submit an annual financial report of income and expenditure to the chancery of the court. A distinction must be drawn between money raised locally and that received from the central party.

**Art. 3.** The statement is to keep separate, contributions retained by the party and those given to affiliates. For each donation the party is to report the donor, the account in which it was deposited, and the reason for the donation. No contribution can be accepted from government agencies, organizations under state control, corporations or labour organizations taxed on the basis of profit.

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<sup>39</sup> *Journal Officiel de la République Française*, 28 octobre 1964, Ch. VI Article L. 167, p. 9509.



**Art. 4.** The party must keep a record of all its expenditures during the campaign period. Statements of revenues, expenditures, assets and liabilities are to be filed within 3 months of the declaration of election results. And the parties may not contribute to the personal expenses of any candidates.

**Art. 6.** All candidates must present to the chancery of the court a list of donations and expenses for the campaign. A maximum income and expenditure level is specified for each level of election.

**Art. 7.** The reports are open to public inspection. Failure to make a report may result in a fine of from 500,000 up to 2,000,000 lire (about \$800 to \$2,500). For violating the financing law a candidate may be fined 500,000 lire (about \$800) plus from three to twelve times the amount received or spent illegally.

**Art. 8.** False statements are punishable under the Article 463 of the Penal Code.<sup>40</sup>

To generalize for the western European countries, it could be concluded that although some interest in and a need for reporting of political finances may exist, no effective legislation has as yet been implemented.

## F. Sweden and Norway

### 1. Reporting of Contributions

In Sweden and Norway there is no legislation requiring the publication of party financial statements. The reports of the Norwegian Government Committee investigating "The Question of Carrying Out the Publicity Principle in the Financing of Political Parties and the Political Press" (1949) and of the Swedish Government Commission on Party Finance (1951) both concluded that no legislation be passed to compel the parties to publish financial statements or to disclose the sources of campaign contributions.<sup>41</sup>

The eight reasons given by the Swedish Committee for its recommendations are discussed below.

1. Compulsory reporting of contributions would violate the secrecy of the ballot, assuming that the elector voted for the party to which he contributed.

*Comment:* In a country where the donations are in general small, this argument could be considered valid. On the other hand, it may be argued that consideration could not be applied to corporations and organizations. In Canada and the United States, where individual contributions can run into hundreds of thousands of dollars, the donor is not just paying for his part in the electoral process but is trying to affect the votes of others. This is a public act and, it may be argued, should be made known to the public.

2. Publication of the names of donors might lead to persecution or preferential treatment.

*Comment:* To this argument one could reply that parties know who has donated to them and may give preferential treatment to these individuals.

3. Loss of anonymity might result in a serious drop in contributions.

*Comment:* This claim would probably depend on the country's political culture, as the Florida example indicates. In the ten years following the extensive 1951 Florida legislation on reporting of election expenses, the number of donors

<sup>40</sup> Private member's bill presented by Senator Luigi Sturzo, September 16, 1958 (Paraphrased translation).

<sup>41</sup> "Working translation of Documents Relating to Norwegian Discussion about Proposals to Regulate and Publicize Party Finance Activities, 1949-1955," and translation of "The Report of the (Swedish) Commission of Experts on Party Finance," prepared for the President's Commission on Campaign Costs. (See *infra* footnote 59 of this study.)



has decreased but the total amount of contributions has increased more rapidly than costs.<sup>42</sup>

4. Such reporting legislation would affect those parties which rely largely on membership dues less than those which rely on individual or corporate contributions.

*Comment:* This argument has significance for European countries where there often exist large mass socialist or labour parties. In North America, however, none of the major parties could be considered mass membership parties.

5. Evasion would be relatively easy and would lower respect for the law.

*Comment:* Evidence shows that respect for the existing reporting provisions of the Canadian election law is not great. Some would argue that stricter adherence to the theory of agency, a single bank account per candidate, and a simple form of auditing candidates' books, would make the legislation fairly effective.

6. Reporting might encourage the development of sponsor or front organizations to evade the reporting requirements.

*Comment:* This problem could probably be dealt with by demanding similar financial reports from all groups engaged in political activities; though it must be conceded that a problem of definition would remain.

7. The burden of bookkeeping and accounting might hinder the chances of election victory for the smaller parties.

*Comment:* This might present a problem and it might be necessary to cover such additional expenses by government subsidies. In Florida, although only one certified public accountant was used in the first campaign after the 1951 law, today a majority of the leading candidates' treasurers and deputy treasurers are certified public accountants.<sup>43</sup>

8. Such legislation might open the way for administrative interference in party affairs other than the simple examination of financial records.

*Comment:* This argument depends on the supplementary information deemed necessary.

In conclusion, some of these arguments expounded by the Scandinavian countries are clearly valid but may not be applicable to the Canadian scene, and thus could not be said to rule out the usefulness of reporting procedures. At present, there is no compulsion for Swedish or Norwegian parties to report their expenditures. The two Commissions opposed not only the voluntary publication of donors' names but also a law requiring the publishing of a party's financial statement. However, they did recommend that the parties should attempt to reach voluntary agreements on the reporting of political finance. Such agreements have not materialized and at the moment only the Swedish Social Democratic Party appears to publish a financial statement.

## G. United States\*

### 1. Reporting of Contributions and Expenditures

The United States has the most elaborate reporting systems of any country in the world. These, therefore, deserve to be studied in some detail at both the federal and state levels.

\* For full details see study No. 3 "Regulations of Political Finance in the United States" by Herbert E. Alexander, in Part II of this Report.

<sup>42</sup> Roady, *op. cit.*, p. 434.

<sup>43</sup> *Ibid.*, p. 442.

Early federal campaign finance reporting statutes can be found for the years 1910, 1912, 1925, and 1927. Present legislation is quite broad in its scope.

In the federal reporting laws concerning contributions and expenditures the provisions cover (a) political committees (i.e. equivalent to political parties): (b) other individuals not connected with a political committee and (c) individual candidates. The law is reproduced in detail.

(a) *Reporting by Political Committees*

**Sec. 242** (a) Every political committee shall have a chairman and a treasurer. No contribution shall be accepted, and no expenditure made, by or on behalf of a political committee for the purpose of influencing an election until such chairman and treasurer have been chosen.

(b) It shall be the duty of the treasurer of a political committee to keep a detailed and exact account of

- (1) All contributions made to or for such committee;
- (2) The name and address of every person making any such contribution, and the date thereof;
- (3) All expenditures made by or on behalf of such committee; and
- (4) The name and address of every person to whom any such expenditure is made, and the date thereof.

(c) It shall be the duty of the treasurer to obtain and keep a receipted bill, stating the particulars, for every expenditure by or on behalf of a political committee exceeding \$10 in amount. The treasurer shall preserve all receipted bills and accounts required to be kept by this section for a period of at least two years from the date of the filing of the statement containing such items.<sup>44</sup>

(b) *Statements by the Treasurer filed with the Clerk of the House of Representatives*

**Sec. 244** (a) The treasurer of a political committee shall file with the Clerk between the 1st and 10th days of March, June, and September, in each year, and also between the 10th and 15th days, and on the 5th day, next preceding the date on which a general election is to be held, at which candidates are to be elected in two or more states, and also on the 1st day of January, a statement containing, complete as of the day next preceding the date of filing—

- (1) The name and address of each person who has made a contribution to or for such committee in one or more items of the aggregate amount or value, within the calendar year, of \$100 or more, together with the amount and date of such contribution;
- (2) The total sum of the contributions made to or for such committee during the calendar year, and not stated under paragraph (1);
- (3) The total sum of all contributions made to or for such committee during the calendar year;
- (4) The name and address of each person to whom an expenditure in one or more items of the aggregate amount or value, within the calendar year, of \$10 or more has been made by or on behalf of such committee, and the amount, date, and purpose of such expenditure;

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<sup>44</sup> U.S. Code 1958, Title 2, c. 8, s. 242.

- (5) The total sum of all expenditures made by or on behalf of such committee during the calendar year and not stated under paragraph (4) . . .<sup>45</sup>

Clearly, federal law intended to establish fairly thorough reporting requirements. The political committees are to keep detailed records of all income and disbursements. The reports are to be detailed enough for the electorate to discover from whom contributions came, how much they were, how much was spent and on what. The requirement that only the total amount of contributions and donations of over \$100 be reported is clearly in the interest of practicality; the more important information about large donations would not as apt to be buried under a flood of trivial data. Furthermore, the reports are spaced so as to give year-round coverage, even in the important years between elections. Thus the committees are under continual surveillance, not just during the campaign period. The report, due five days before the elections, would presumably allow voters to take account of political finance in their voting. The reports are open to the public for six years in the case of Senate candidates and two years in the case of House of Representatives candidates. But after these periods the reports are discarded and there is no record kept of what reports were on file or their contents.

*(c) Reporting by Individuals*

**Sec. 245.** Every person (other than a political committee) who makes an expenditure in one or more items, other than by contribution to a political committee, aggregating \$50 or more within a calendar year for the purpose of influencing in two or more States the election of candidates, shall file with the Clerk an itemized detailed statement of such expenditure in the same manner as required of the treasurer of a political committee by section 244 of this title.<sup>46</sup>

*(d) Reporting by Candidates*

**Sec. 246.** (a) Every candidate for Senator shall file with the Secretary and every candidate for Representative, Delegate, or Resident Commissioner shall file with the Clerk not less than ten nor more than fifteen days before, and also within thirty days after, the date on which an election is to be held, a statement containing, complete as of the day next preceding the date of filing—

- (1) A correct and itemized account of each contribution received by him or by any person for him with his knowledge or consent, from any source, in aid or support of his candidacy for election, or for the purpose of influencing the result of the election, together with the name of the person who has made such contribution;
- (2) A correct and itemized account of each expenditure made by him or by any person for him with his knowledge or consent, in aid or support of his candidacy for election, or for the purpose of influencing the result of the election, together with the name of the person to whom such expenditure was made; except that only the total sum of expenditures for items specified in subdivision (c) of section 248 of this Title need be stated. . . .<sup>47</sup>

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<sup>45</sup> *Ibid.*, s. 244.

<sup>46</sup> *Ibid.*, s. 245.

<sup>47</sup> *Ibid.*, s. 246. (Section 248 (c) refers to money spent by a candidate to pay for fees charged by the State, personal and travelling expenses, postage and stationery, etc., and telegraph and telephone services, etc.)



The reporting requirements for candidates are nearly as complete as for committees. Thoroughness is necessary not only to approximate complete public disclosure, but also to permit enforcement of certain limitations which the parties and committees must observe. No individual may contribute over \$5,000 per year to a candidate for a federal post<sup>48</sup> other than Senator and no single committee may collect or spend more than \$3,000,000 during any calendar year.<sup>49</sup> Violations of these limitations would emerge if the reports were complete and correct. Although these maxima undoubtedly are frequently violated, the reports are accurate enough to be treated seriously.

Reporting, therefore, fulfils a dual policing function. Opposing candidates can examine each other's reports for violations of legal maxima; and electors can use the reports to pass a more value-oriented judgment on the candidates' finances.

(e) *Shortcomings of the United States' Federal Reporting Requirements*

Many shortcomings have become apparent in this federal legislation. In the 1921 decision *Newberry et al. v. United States*<sup>50</sup> the Supreme Court ruled that Congress had no powers over primaries, caucuses or conventions.<sup>51</sup> The Court reversed this decision in the 1941 case *United States v. Classic et al.*<sup>52</sup> and today it is possible to regulate primaries by federal law. The importance of legislation in this area can be illustrated by the fact that in 1950 more money was spent on primaries than on elections in 180 of 435 congressional districts.<sup>53</sup>

Federal laws do not apply to purely state or local committees although these groups assist the parties in federal election campaigns. The term "political committee" is defined to include any committee, association or organization which accepts contributions or makes expenditures for the purpose of influencing the election of candidates or presidential and vice-presidential electors in two or more States, or as a branch of a national committee (other than a duly organized State or local committee of a political party).<sup>54</sup> Recent proposals have substituted a monetary test for the interstate activities test. Bill S. 636 in 1958 suggested that all committees accepting or spending more than \$100 to influence the election of a federal candidate should be subject to federal reporting requirements. The amount had been increased to \$2,500 by the time the Senate passed s. 2436 in 1960.<sup>55</sup> Another omission which continues is that neither the presidential nor vice presidential candidates need report their personal expenses.<sup>56</sup>

Another weakness in the reporting system is that the receiving agents of the candidates' and committees' reports are not empowered to audit the reports regularly, to prosecute for violations, or even to notify the proper enforcement agencies. Therefore, there is little guarantee that the reports will be accurate or complete.

<sup>48</sup> *Ibid.*, Title 18, s. 309 (b) (i).

<sup>49</sup> *Ibid.*, Title 18, s. 609 (1).

<sup>50</sup> 256 U.S. 232.

<sup>51</sup> Alexander, *Money, Politics and Public Reporting*, p. 16-17.

<sup>52</sup> 313 U.S. 299.

<sup>53</sup> Alexander, *op. cit.* p. 17.

<sup>54</sup> U.S. Code, 1958, Title 2, c. 8, s. 241 (c).

<sup>55</sup> Alexander, *Money, Politics and Public Reporting*, pp. 19-20, citing Senate Committee on Rules and Administration, *Federal Elections Act of 1955*, 84th Congress, 1st Sess., 1955, S. Report 624 to accompany S. 636, p. 5.

<sup>56</sup> *Ibid.*, p. 24.



There is no provision for systematic publicizing of the contents of the reports. The reports are understandably incomplete and usually too late to have any effect on the electorate. The policing value of reporting is hampered because of the difficulty in ferreting out information.<sup>57</sup>

These shortcomings in the election law have led to a deterioration in the quality of the reports, in respect for the law, and in public interest in and awareness of political finance. "The cynicism has been especially severe toward official reports of campaign finance. Failure to file proper reports has, in fact, come to be regarded as a trivial offense."<sup>58</sup>

## 2. President's Commission on Campaign Costs

The President's Commission on Campaign Costs (1962)<sup>59</sup> made several noteworthy recommendations with respect to reporting procedures. It suggested that all committees, interstate, intrastate, state, local, party, and nonparty, campaigning directly or indirectly for candidates for nomination or election to the presidency or vice presidency and raising or spending as much as \$2,500 in a year, be required to file regular campaign financial reports, one to be shortly before the election.

Details of the sources of income in aggregate of \$250 or over from one source would be required, along with particulars on expenditures of \$100 or over, all transfers of funds and all debts.<sup>60</sup> This would cover a large area of campaign financing not included in present reporting laws. Presidential and vice presidential candidates too would be required to file reports of contributions made to them and expenditures made by them. Any individual or family contributing or spending a total of \$5,000 in a single year on behalf of a presidential or vice presidential candidate, or an individual or group making expenditures for bipartisan activities in excess of an annual total of \$5,000 would have to report all direct and indirect expenditures.<sup>61</sup> Such legislation would extend the coverage of all donors and spenders and would make possible a far more accurate picture of the total income and expenditure involved in a federal election campaign.

To make such elaborate reporting regulations meaningful to the public, the President's Commission recommended that a publicizing agency is necessary. A central federal repository, located in the General Accounting Office, should be established. This repository, to be called the Registry of Election Finance, would be bipartisan or nonpartisan in make-up. The Registry would receive, examine, tabulate, summarize, publish and preserve the material submitted in the reports. It would determine the format of the reports, establish due dates, and choose the best ways of publicizing the information gathered both prior to and following the election. It would also have the explicit duty to refer apparent violations to the appropriate enforcement officers.<sup>62</sup>

<sup>57</sup> *Ibid.*, p. 11.

<sup>58</sup> *Financing Presidential Campaigns*, p. 21.

<sup>59</sup> This Commission was established by an Executive Order of President Kennedy (November 1961) to make "recommendations with respect to improved ways of financing expenditures required of nominees for the offices of President and Vice President." The Commission consisted of 9 members, under the chairmanship of Alexander Heard. The Report, submitted April 18, 1962, was published as a pamphlet, *Financing Presidential Campaigns*, quoted *supra*.

<sup>60</sup> *Financing Presidential Campaigns*, pp. 18-19.

<sup>61</sup> *Ibid.*, p. 19.

<sup>62</sup> *Ibid.*, pp. 19-20.

Apparently the Comptroller General is not anxious to assume these new responsibilities for fear that his reputation for independence and objectivity be damaged. Alexander, therefore, suggests the Library of Congress as a possible substitute for the Registry of Election Finance.<sup>63</sup>

### 3. Reporting Requirements at State Level

At the state level one finds that the vast majority of the states have made some provision for the reporting of election expenses or contributions. Only eight states, Alaska, Delaware, Georgia, Illinois, Kansas, Louisiana, Nevada, and Rhode Island, have no such electoral laws. Pre-election reporting has been adopted in sixteen states: Florida, Kentucky, Maine, Massachusetts, Minnesota, Mississippi, Nebraska, New Hampshire, New Jersey, New York, North Carolina, South Carolina, Tennessee, Texas, Utah, West Virginia and Wisconsin.<sup>64</sup>

#### (a) *The Florida System*

Florida has developed the most sophisticated and complete system of election finance reporting and its legislation is often presented as a model. This law rigorously applies the doctrine of agency in that all income and expenditures must go through the candidate's official campaign treasurer and a designated bank depository. Because of the limitation on donations, no person may contribute indirectly or through another person. When donations are deposited, a triplicate form must be filed including the name, address and amount given by the donor. To guarantee that most of the donations will be publicized, any contribution received less than five days before the election must be returned.<sup>65</sup> No election expenses may be incurred except by a written order of the campaign treasurer on the designated account.<sup>66</sup>

Each Friday the candidate reports to his treasurer his travel expenses for the previous week. The treasurer in turn makes a full report of all contributions, (including donors' names, addresses and amounts) and all authorized expenditures, which is due every Monday in the case of gubernatorial and senatorial elections, and a post-election report due 15 days after primaries or elections for all candidates.<sup>67</sup> These reports remain open to public inspection for four years.<sup>68</sup>

Every political committee, organization or group supporting a candidate or party must report all income, (donors' names, addresses and amount) and all expenditures every first Monday in the month prior to the election and 15 days following the election. All individuals or groups not previously covered who support a candidate or party must report to the party's state committee within 15 days after the election.<sup>69</sup>

By filing a petition with a county circuit court any citizen may have a suspected violation of the law examined. Penalties for such violations include a fine of not more than \$100 or imprisonment for not more than 6 months.

<sup>63</sup> Alexander, *Money, Politics and Public Reporting*, pp. 61-62.

<sup>64</sup> *Election Law Guidebook* Senate Doc. No. 67, U.S. Government Printing Office, Washington, D.C., 1964, pp. 143-149.

<sup>65</sup> *The Election Code of 1951* c. 26870 (1951; Title IX, ch. 99, s. 99. 161 (9)(c) ). See *Compilation of the Election Laws of the State of Florida*, compiled by Tom Adams. Secretary of State of the State of Florida. Attorney General's Office, Tallahassee, Fla., July 1, 1964.

<sup>66</sup> *Ibid.*, s. 99. 161 (7).

<sup>67</sup> *Ibid.*, s. 99. 161 (8).

<sup>68</sup> *Ibid.*, s. 99. 183.

<sup>69</sup> *Ibid.*, s. 99. 161 (9, 10).

Whoever knowingly makes a false statement or report is liable to the penalties for perjury. A nomination or election may be declared void if a candidate or treasurer knowingly violates the law.<sup>70</sup>

Florida's election reporting laws are radical and complex in comparison with those of most other states and countries. Therefore, this example may prove useful in judging the utility of this form of legislation. In general, there have been no problems in the workability of the reporting. As proof that the requirements are not too cumbersome, one could point to the fact that no major candidate has yet complained about them.<sup>71</sup>

The Florida reporting laws appear to assure the public adequate knowledge about what is being spent and for what, and who is giving and how much. More important is the fact that 95 per cent of the total contributions and expenditures are revealed prior to the election.<sup>72</sup> A qualified observer of the Florida political scene maintains that the reports fostered the development of a self-policing system among the candidates. The statements "were alertly scrutinized by rival candidates and the press in time for influence on voters."<sup>73</sup> The state Capital press corps has done a thorough job of studying and disseminating the information in the reports by sending out pre-election news stories, highlighting local donors, to the local newspapers.<sup>74</sup>

It is claimed that the reporting of campaign finances has done more than just educate the public about the necessity and realities of money in politics. "The wide publicity given to the high cost of campaigning almost certainly has had a bearing on the reduction of the number of candidates."<sup>75</sup> Potential candidates are now able to gauge whether their financial support is sufficient. On the other hand, donors can decide whether or not they are willing to provide the large contributions which will be needed.

It should be noted that in the first ten years of the Florida reporting laws, although election costs were not self-limiting, total donations have increased faster than total election expenses: 76 per cent in comparison to 73 per cent.<sup>76</sup> The publicizing of election finances, however, has not resulted in a significant increase in small donations. It was the class of the large contributors which enlarged during this period. For example, the number of under-\$50 contributors fell from 14,330 for 3 candidates in 1955 to 10,718 for 6 candidates in 1960, while the number of over-\$1,000 contributors grew from 29 to 360.<sup>77</sup> From one point of view this could be considered a perfectly healthy trend. Campaigns are run on large donations, whereas, small donations sometimes manage to do little more than pay for their own collection. Moreover, it is argued that the more large donors there are, the less influence each individual contributor will have. Thus the candidate can finance an expensive campaign without becoming obliged to any particular interest. The donors' demands will balance each other out, leaving the candidate in relative independence.

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<sup>70</sup> *Ibid.*, s. 104. 27.

<sup>71</sup> Roady, *op. cit.*, p. 446.

<sup>72</sup> *Model State Campaign Contributions and Expenditures Reporting Law*, National Municipal League, New York, 1961, (mimeographed) p. 5.

<sup>73</sup> Roady, *op. cit.*, p. 446.

<sup>74</sup> *Ibid.*, p. 438-439.

<sup>75</sup> *Ibid.*, p. 443.

<sup>76</sup> *Ibid.*, p. 434.

<sup>77</sup> *Ibid.*, p. 440.



The early history of the Florida election laws was not tranquil. Some objected in principle to the new controls. The requirement that all moneys go through the candidates' treasurers came under the heaviest fire. In 1952 the editor of the *Calhoun County Record* charged that the law restrained his free right to publish a paper and thus violated the constitutionally guaranteed freedom of the press. A radio station claimed that its freedom of speech had been violated. On the other hand, the state attorneys argued that the law did not prohibit the purchase of advertising space or time, but merely required that it be done through an official agent. They added that there was no "inherent right" of a citizen to buy advertising and that "agency" was essential if the reporting system were to succeed. The Florida Supreme Court ruled on March 17, 1953, that the law was a constitutional exercise of the state's policing powers.<sup>78</sup>

#### 4. National Municipal League's Model Law

In 1961 the National Municipal League drew up a *Model State Contributions and Expenditures Reporting Law* which was to apply to statewide, county-wide, constituency or congressional primary elections.

The N.M.L. recommended that the reporting of contributions be standardized through the use of donation slips on which the name and address of each contributor would be made out in triplicate; one copy would be retained by the campaign depository, one filed with the Secretary of State and the last retained by the campaign treasurer.<sup>79</sup> To ensure accurate disclosure of donors, each contributor of over \$100 must sign a contribution slip stating that it is legal for him to give and that it is his own money.

To ensure complete reporting of expenses, it is suggested that there be one authorized bank account per candidate and that nothing be paid from this account without the written authorization of the campaign treasurer or deputy treasurer. These authorizations would then comprise a record of all expenditures made. To prevent a circumvention of the law by the use of committees, the Model Law forbids anyone but a candidate's designated campaign treasurer from making disbursements. This maximum use of the agency doctrine means that all committees would direct their contributions to a campaign treasurer.<sup>80</sup>

The proposed reporting requirements are deliberately rigorous in nature so that the voters may be supplied with as much information as possible about the candidates' campaign expenditures before the election. Every Monday, from the time of the appointment of a campaign treasurer until the primary or election, the candidate would be required to report to his treasurer his travel expenses for the preceding week. The treasurer would then make a detailed report of income and expenditures to the Secretary of State on the first Monday of each month of the campaign and on the sixth day before the primary or the election and within fifteen days following the primary or election.<sup>81</sup>

All reports would be open for public inspection for four years and the Secretary of State would draw up a summary of each report to be sent to all the principal newspapers in the candidate's constituency. The Secretary of State

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<sup>78</sup> *Ibid.*, pp. 444-445. (The cases involved were *Smith v. Ervin*, 64 So. 2d 166 (Fla. Sup. Ct. 1953) and *Finlay v. Ervin*. I Fla. Supp. 198 (Calhoun County, 1952) ).

<sup>79</sup> *Model State Campaign Contributions and Expenditures Reporting Law*, National Municipal League, New York, 1961, pp. 10-11.

<sup>80</sup> *Ibid.*, p. 11.

<sup>81</sup> *Ibid.*, p. 13.



would also publish a list of defaulters. Furthermore, in contrast to the Florida law, the State Attorney would be able to prosecute on the basis of this list without waiting for a complaint from a candidate or citizen.<sup>82</sup>

Obviously, the Florida election laws have had a strong influence on the Model law. The only attempt to make significant improvements lies in the areas of publicity and enforcement. This may attest to the success of the Florida legislation and its relevance to any serious consideration of election finance reporting.

The federal and state jurisdictions of the United States have the most advanced reporting systems in the world. Canada's provisions appear primitive in comparison. In the United States, however, there has always been a possibly unwarranted faith in the virtuous effects of reporting and publicity. Although Canadians may not share this enthusiasm to the same degree, the public disclosure of political money may improve the condition of party finance in Canada to the satisfaction of both the citizen and the politician.<sup>83</sup>

### III. REPORTING OF POLITICAL FINANCES IN CANADA

A survey of the provincial laws by region followed by the federal laws will demonstrate that there already exist in Canada the rudiments of a reporting system for political finances, but there has been little attempt made to correct the apparent weaknesses.

#### A. Provincial Laws

##### 1. Atlantic Provinces

New Brunswick and Prince Edward Island have no reporting requirements in their electoral laws.<sup>84</sup>

In Newfoundland the candidate *may* appoint an official agent, but the legal requirement is not strict.<sup>85</sup> Every candidate (or his official agent) must submit to the Minister of Provincial Affairs a report, verified by affidavit, of all his campaign expenses within three months after the day of declaration of the election,<sup>86</sup> but there is no provision for the publication of these reports. The Minister of Provincial Affairs is required to keep the reports for 6 months, during which time any voter can see them on payment of a 25 cent fee. At the end of six months, the reports are destroyed or returned to the candidate or his agent. Failure to file a report can result in a fine of \$10 for every day of default, and submitting a false statement is considered an offence and liable to a fine not exceeding \$500 or in default of payment, to imprisonment not exceeding 3 months, or to both fine and imprisonment.<sup>87</sup>

<sup>82</sup> *Ibid.*, p. 17.

<sup>83</sup> For a useful discussion on differing attitudes in Canada and the United States toward disclosure see: Rowat, Dr. Donald C. "How Much Administrative Secrecy" in *Canadian Journal of Economics and Political Science*, November 1965, pp. 479-498.

<sup>84</sup> New Brunswick: *Elections Act* 1952, R.S.N.B. 1952, c. 70; Prince Edward Island: *The Election Act*, 1963, c. 11.

<sup>85</sup> Newfoundland: *The Election Act*, 1954, Statutes of Newfoundland 1954, No. 79.

<sup>86</sup> *Ibid.*, s. 119 (7).

<sup>87</sup> *Ibid.*, s. 118 (3).

Nova Scotia has a somewhat unusual system. Candidates must have agents, and all their expenditures except their personal expenses must go through the agent, but the candidate is not obliged to file a report of his expenses unless "a candidate representing a different and opposed political interest" demands it.<sup>88</sup> If there is a request, a detailed statement must be sent within thirty days to the returning officer, and failure to do so is an offence which is punishable under a general provision by a fine not exceeding \$2,000 and/or imprisonment not exceeding two years. If the fine is not paid, imprisonment will be imposed for a term or further term not exceeding three months.<sup>89</sup> The report is open to public inspection for 6 months for a charge of one dollar. After the six-months' period the report must be returned to the official agent. There is however, no regular reporting requirement or attempt to publish the reports.

## 2. *Quebec*

Quebec has the most highly developed election expense legislation in Canada.<sup>90</sup> In this province there are two kinds of reporting: party and candidate. Both the candidate and the party have official agents.<sup>91</sup> The candidate must keep a detailed account of his expenses, proving purchase of \$10 and over by means of itemized invoices.<sup>92</sup> In order to be reimbursed through the provincial subsidy system, the candidate's agent must include invoices, vouchers and supporting documents with his report.

Within 60 days following the election, the agent must send in a report of the election expenses, together with receipts and vouchers and an affidavit.<sup>93</sup> Within 10 days of receiving the report the returning-officer must publish a summary of the report, signed by the agent, in one French and one English newspaper of the district. The reports and documentation are open to public inspection for 180 days (no fee is stipulated) and are then sent to the chief returning-officer who retains them for a year if the election is not contested and two years if it is. They are then returned if the candidate requests, or, they may be destroyed.

The system is similar for central party organizations. Within 120 days following the election the party's official agent must deliver to the chief returning-officer of Quebec a report of election expenses, including receipts, invoices and vouchers. Within 15 days of the receipt of the report the chief returning-officer must publish a summary of it in the *Quebec Official Gazette*. The records may be inspected by the public for 180 days, and then they are returned on request or destroyed.<sup>94</sup>

If a candidate or party fails to file a report, then the candidate in the former instance or the party leader in the latter is disqualified from sitting or voting in the Legislative Assembly until the report is delivered or a judge has excused the delay.<sup>95</sup> A member who sits or votes without reporting his expenses is liable to a \$500 per day fine.<sup>96</sup> Any agent who files a false return, affidavit, invoice, receipt,

<sup>88</sup> Nova Scotia: *Elections Act*, 1962, c. 4, s. 163, as amended.

<sup>89</sup> *Ibid.*, secs. 181-182.

<sup>90</sup> *Quebec Election Act*, 1963, c. 13, as amended by 1965, c. 12 and 13; 1966, Bill 3. The Quebec system is covered in detail in study No. 7 "The Evolution and Application of Quebec Election Expense Legislation 1960-66" by Harold M. Angell, in Part II of this Report.

<sup>91</sup> *Ibid.*, s. 376.

<sup>92</sup> *Ibid.*, s. 378.

<sup>93</sup> *Ibid.*, s. 382, as amended by 1965, c. 12, s. 39.

<sup>94</sup> *Ibid.*, s. 383.

<sup>95</sup> *Ibid.*, s. 384.

<sup>96</sup> *Ibid.*, s. 388.

voucher or illegally pays a bill after submitting his report is guilty of a corrupt practice and liable to a fine of from \$100 to \$1,000 and imprisonment of from 1 to 12 months.<sup>97</sup> If the winning candidate is found guilty of a corrupt practice his election is void and he is disqualified from sitting or voting in the legislature for six years.<sup>98</sup> The unique feature of Quebec's reporting law is that it covers the monetarily important party expenses as well as those of the candidates, and that it makes reporting a prerequisite for reimbursement. However, publicity requirements, as elsewhere in Canada, are minimal.

### 3. Ontario

The Ontario requirements are not as comprehensive as Quebec's, nor more comprehensive than most provinces.<sup>99</sup> Candidates must have agents, through whom go all expenditures and contributions of over \$50.<sup>100</sup> All claims against a candidate must be made and paid within sixty days after the election.<sup>101</sup>

Within three months following the election the agent must submit a detailed report of all expenses and of contributions over \$50, and, although there is no central publication, an abstract must be published by the returning officer in a local newspaper at the candidate's expense within 14 days after its receipt. Also, all those delayed claims which were allowed by a judge must be advertised within one week in the same newspaper. A fine not exceeding \$25 for every day of default can be levied for failure to submit a report, or \$400 for a false statement.<sup>102</sup>

Attempts have been made in the Ontario Legislature by private members to introduce more comprehensive legislation on election expenses. Mr. Kenneth Bryden's Bill 84 of 1964, reintroduced as Bill 15 in 1966, is a case in point. This bill would have required that a detailed report of campaign income and disbursements be made within three months after the election, to be audited by a public licensed accountant and delivered with bills and vouchers to the returning officer. This suggested reform is very significant in that such an audit would be a guarantee of accurate reports. A detailed report of all expenses and contributions over \$50 audited by a public accountant and submitted within six months after the election to the Chief Electoral Officer, would also be required of the "central organization of a political interest" (i.e. a political party) which had presented more than twenty candidates. The Chief Electoral Officer would open these reports to public inspection for six months, on payment of a 25 cent fee.

Expenditures by candidates would be limited to 20 cents per elector in rural districts and 15 cents in urban districts and reporting would be necessary to enforce the expense limitations. No group or individual would be permitted to incur any election expenses without the written consent of an official agent or party official. Such expenses would be included in the financial report. The type of publicity recommended in this proposed bill is weak but it would increase coverage to include not only candidates, but parties, political committees, and individuals as well.

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<sup>97</sup> *Ibid.*, s. 389.

<sup>98</sup> *Ibid.*, s. 409.

<sup>99</sup> Ontario: *The Election Act*, R.S.O., 1960, c. 118.

<sup>100</sup> *Ibid.*, s. 188.

<sup>101</sup> *Ibid.*, s. 189.

<sup>102</sup> *Ibid.*, s. 191.



#### 4. Western Provinces

In Manitoba, all expenditures except the candidate's personal expenses must go through the official agent.<sup>103</sup> Parties' central committees are limited to campaign expenditures totalling \$25,000; therefore it is necessary for the reporting requirements to cover political parties. Within 15 days after an election, the party secretary and treasurer must send to the Chief Electoral Officer a campaign financial statement containing the amount of all contributions, the names and addresses of all donors, all election expenses, and disputed or unpaid claims.<sup>104</sup> The Act defines a party as "an affiliation of electors comprised in a political organization whose candidates received, in the aggregate, at the last preceding general election at least 5 per-centum of all votes polled thereat."<sup>105</sup> Failure to file may mean a \$200 fine or six-months' imprisonment. The candidate's detailed statement of election expenses must be submitted to the returning officer, within two months after the election.<sup>106</sup> The report is then sent to the Chief Electoral Officer and an abstract is published in the *Manitoba Gazette* within 14 days. The reports are open to public inspection for six months for a 25 cent fee. A fine not exceeding \$25 per day is levied for failure to report and a \$400 fine may result from falsification of the report. The Manitoba law has a broader coverage than some provinces, but its provisions for publication and enforcement show their weaknesses.

The Saskatchewan reporting requirements are almost identical to those of Manitoba, except that no provisions have been made to cover the central party committees.<sup>107</sup> But whereas in Manitoba the Chief Electoral Officer is to publish an *abstract* of the agent's report, in Saskatchewan the Chief Electoral Officer is to publish the total of each candidate's expenses in the *Gazette*.<sup>108</sup>

The Alberta law respecting reporting of election expenses<sup>109</sup> of the candidate or his agent is similar to Saskatchewan's, except that provision is made for the publishing of an abstract of the candidate's report by the returning officer in a local newspaper. Provision is made for publishing all those delayed claims which were allowed by a judge within one week in the same newspaper. Default in delivery of the report carries a fine of not less than \$25 for each day he is in default. The penalty for a falsified statement is a fine of \$400. No specific reference is made to parties, or the reporting of their election income and expenditures.

In British Columbia,<sup>110</sup> as in all the western provinces, all expenditures must be made through the official agent.<sup>111</sup> Within 60 days after the election each candidate and official agent must submit a report of the candidate's total election expenses.<sup>112</sup> No provisions seem to have been made for the publication of these reports, but there is a *de facto* publication because after each election the Opposition in the Legislature has requested the tabling of the various statements of candidates' and parties' expenditures in the Legislative Assembly. Within 60

<sup>103</sup> Manitoba: *The Election Act*, R.S.M. 1954, c. 68, s. 167.

<sup>104</sup> *Ibid.*, s. 168, as amended by 1961, c. 14, s. 40.

<sup>105</sup> *Ibid.*, s. 2 (2).

<sup>106</sup> *Ibid.*, s. 171.

<sup>107</sup> Saskatchewan: *The Election Act*, R.S.S. 1965, c. 4.

<sup>108</sup> *Ibid.*, s. 206 (6).

<sup>109</sup> Alberta: *The Election Act*, 1956, c. 15, s. 165.

<sup>110</sup> British Columbia: *Provincial Elections Act*, R.S.B.C. 1960, c. 306.

<sup>111</sup> *Ibid.*, s. 172.

<sup>112</sup> *Ibid.*, s. 174.



days after the election the central committee of every political party must file a report of all its expenses and unsettled claims with the Chief Electoral Officer.<sup>113</sup> A party is defined as "an affiliation of electors comprised in a political organization which has expended money in support of any candidate in the election."<sup>114</sup> This definition is broad enough to include political committees also, thus giving this section of the Act broad coverage. The definition does not have the disadvantage of the Manitoba definition excluding small parties (those which poll less than 5 per cent) from its jurisdiction. Both laws are similarly deficient in that they make no provision for the publicizing of the party expense reports.

The British Columbia party reporting requirements differ from those in Manitoba by failing to include disclosure of contributions. (With exception of the Manitoba requirement just cited, there is no law in the western provinces requiring the reporting of political contributions.) Failure to submit a report is subject to a penalty of not less than \$200 and not more than \$1,000 and, in default of payment, to imprisonment for six months.<sup>115</sup>

### 5. Summary

Taken as a whole, the reporting systems in the provinces are fairly extensive and supply several interesting precedents. Quebec, Manitoba, and British Columbia require the central parties to report their election expenses. Manitoba requires also the publication of contributions received by parties. The British Columbia definition of party is broad enough to include political committees if the need ever arose.

But all the provincial laws share the shortcomings of the present federal law requirements, namely: no pre-election reporting, very limited publicity, and lax enforcement.

### B. Reporting at the Federal Level

The "Pacific Scandal" provided the impetus for the operation of the first federal reporting system in Canada. In 1874 the *Dominion Elections Act*<sup>116</sup> was passed which incorporated most of the provisions and weaknesses of our present elections legislation. The *Dominion Elections Act* incorporated the doctrine of agency and applied it to federal elections. Except for personal expenses, no payment of any kind could be made on behalf of a candidate except through his authorized agent. All bills were to be paid only with the authority of both the agent and candidate. A detailed statement of election expenses was to be made by each candidate within two months after the election to the returning officer, who in turn was to publish an abstract. Failure to file a report was to result in a fine of \$20 for every day of default; falsification of a statement was a misdemeanour.<sup>117</sup> In 1908 an amendment was added requiring contributions to be reported along with expenses.

The law was weak from the beginning. It made no one responsible for the enforcement of law and thus it was observed only by those who chose to. The

<sup>113</sup> *Ibid.*, s. 177.

<sup>114</sup> *Ibid.*, s. 177 (2).

<sup>115</sup> *Ibid.*, s. 179.

<sup>116</sup> Statutes of Canada 1874, c. 9.

<sup>117</sup> Ward, Norman, *The Canadian House of Commons: Representation*, University of Toronto Press, Toronto, 1950, pp. 259-260.

general interpretation was loose, and payments on behalf of candidates by party organizations were regarded as beyond the purview of the agent's responsibilities. This was never challenged by the courts and, in fact, the judges excused late reports on the flimsiest of excuses. It would seem that the penalty for failure to comply with the law was never exacted.<sup>118</sup>

However, it must be said that the acceptance of the doctrine of agency was an important first step toward the creation of an effective reporting system. By centering the responsibility for campaign finances in the hands of an agent, it became possible to demand detailed financial statements. Reporting, to be practicable, demands such centralization, for it would certainly be impossible to ensure that reports were received from everyone who chose to make a donation or an expenditure.

### 1. *The Canada Elections Act*<sup>119</sup>

Every candidate is required to have an official agent. All expenses, with a few exceptions,<sup>120</sup> must be paid by him and therefore if donations are to be spent, they too must go through the agent. It is in a candidate's interest to attempt to prevent his supporters from making private expenditures (prohibited in section 62 (4), for he and his agent are relieved of responsibility for such spending if it can be shown that the candidate used all reasonable means to prevent such occurrences.<sup>121</sup> This may imply a self-policing element within the system.

Bills for expenses incurred during the campaign and election must be presented to the candidate within one month after the election<sup>122</sup> and paid for by the agent within 50 days after polling day.<sup>123</sup> To pay bills after this date an agent needs the approval of an appropriate judge and must report these expenses separately.<sup>124</sup>

Within two months following the election day the agent must submit a detailed sworn statement of his candidate's election finances (on form 61) to the local returning officer.<sup>125</sup> This report must be corroborated within ten weeks by a sworn statement from the candidate.<sup>126</sup> The financial statement should include: a record of all payments made by the agent, together with bills and receipts; the amount of the candidate's personal expenses; disputed claims; unpaid claims; and all moneys or the equivalent received by or promised to the agent for campaign expenses, stating the contributor, amount and form of the support.<sup>127</sup>

It is the returning officer's duty to have published in a newspaper in the electoral district where the election was held and at the candidate's expense within 10 days after receipt, a summary of the report of the candidate's election

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<sup>118</sup> *Ibid.*, p. 261.

<sup>119</sup> Statutes of Canada 1960, c. 39, as amended. Relevant excerpts from the *Canada Elections Act*, and the Regulations and Instructions based on it, can be found in Appendix 1 of Part III of this Report.

<sup>120</sup> Exceptions: (1) postage, telegrams, and other petty expenses; (2) \$2000 of the candidate's own money for his personal expenses (but these must be reported to the agent and included in his statement); (3) small payments made by anyone but not repaid. S. 62 (4, 15 and 16).

<sup>121</sup> *General Election Instructions for Returning Officers and Discussion of Rights and Obligations of Candidates*, Ottawa, 1964, Queen's Printer, p. 135.

<sup>122</sup> *Canada Elections Act*, s. 62 (8).

<sup>123</sup> *Ibid.*, s. 62 (11).

<sup>124</sup> *Ibid.*, s. 62 (12).

<sup>125</sup> *Ibid.*, s. 63 (1).

<sup>126</sup> *Ibid.*, s. 63 (3).

<sup>127</sup> *Ibid.*, s. 63 (1).

expenses.<sup>128</sup> The statements and their documents remain open to public inspection for six months for a nominal charge of 20 cents. The reports are then destroyed or, if he wishes, returned to the candidate.<sup>129</sup>

Failure to submit a report is an illegal act, punishable by a fine not exceeding \$500 or imprisonment for no longer than one year or to both and in default of the fine to imprisonment for a term not exceeding three months.<sup>130</sup> A successful candidate may be sued for \$500 for every day in which he sits or votes in Parliament without having submitted a campaign report.<sup>131</sup> Intentional falsification of a report is considered an indictable offence carrying a fine not exceeding \$2000 or imprisonment for no longer than two years or to both and in default of the fine to imprisonment for a term not exceeding three months.<sup>132</sup> If a successful candidate is personally guilty or knowingly allows his official agent to commit a corrupt or illegal offence, his election is nullified and he is disqualified from being elected or sitting in the House of Commons for seven years for a corrupt and five years for an illegal act.<sup>133</sup>

It may be added in passing that Canada does have partial reporting of time used on television and radio. Every station is required to keep a log on all programs and sponsors. For political broadcasts, stations must report the name of the speaker and his political affiliation, if any, and the name of every person speaking on behalf of a party or candidate and the name of the person or persons or party he supported.<sup>134</sup> To be complete, these logs should include the monetary costs of such broadcasts. This requirement does not apply to newspapers, as does the Australian law.<sup>135</sup>

The adequacy or inadequacy of the Canadian reporting system may be judged from the fact that in the 1965 General Election, 25.2 per cent of the

TABLE 1

PERCENTAGE OF CANDIDATES FAILING TO SUBMIT REPORTS OF ELECTION EXPENSES IN SEVEN CANADIAN FEDERAL ELECTIONS 1949-65

Election Year	Total Number of Candidates	Number Reporting	Number Failing to Report	Percentage not Reporting
1949 .....	849	705	144	17.0%
1953 .....	901	768	133	14.8
1957 .....	868	747	121	13.9
1958 .....	836	673	163	19.5
1962 .....	1017	819	198	19.5
1963 .....	1028	780	248	24.1
1965 .....	1013	758	255	25.2

<sup>128</sup> *Ibid.*, s. 63 (5).

<sup>129</sup> *Ibid.*, s. 63 (6).

<sup>130</sup> *Ibid.*, s. 78.

<sup>131</sup> *Ibid.*, s. 63 (7).

<sup>132</sup> *Ibid.*, s. 77 (2).

<sup>133</sup> *Ibid.*, s. 80.

<sup>134</sup> Statutory Orders and Regulations under the *Broadcasting Act*: SOR/64-49 (Radio AM), *The Canada Gazette* Part II, Vol. 98, Feb. 12, 1964, s. 4 (1); SOR/64-249 (Radio FM), *The Canada Gazette* Part II, Vol. 98, July 8, 1964, s. 4 (1); SOR/64-50 (T.V.), *The Canada Gazette*, Part II, Vol. 98, Feb. 12, 1964, s. 4 (1). For fuller details see the study No. 10 "Political Broadcasting in Canada" in Part II of this Report.

<sup>135</sup> See *supra*, section II. B. 2. of this study.



candidates did not even bother to file financial statements. The proportion of defaulters has been increasing at each successive election in the last ten years, as can be seen from the figures in Tables 1 and 2.

TABLE 2  
PERCENTAGE OF CANDIDATES FAILING TO SUBMIT REPORTS OF  
ELECTION EXPENSES IN SEVEN CANADIAN FEDERAL ELECTIONS 1949-65:  
BY PARTY\*

Political Affiliation	Percentage Failing to Report						
	1949	1953	1957	1958	1962	1963	1965
Liberal .....	1.9%	3.0%	7.5%	23.4%	9.8%	12.5%	12.5%
Progressive-Conservative ..	14.0	14.9	7.8	2.3	13.9	19.2	18.5
CCF/NDP .....	15.6	21.2	16.7	23.7	18.8	29.3	31.4
Social Credit .....	14.3	12.3	15.9	31.7	32.6	33.5	30.2
Ralliement des Cr�ditistes .....							51.9
Labour Progressive Party .....	17.6	23.0					
Others .....	60.5	45.5	50.0	52.7	48.7	50.0	41.5

\* The actual numbers of candidates filing reports and failing to file broken down both by party and by province may be found in statistical appendix No. 2, in Part III of this Report.

From the figures of the accompanying tables the rough conclusion might be drawn that the candidates of the victorious party tend to file their reports, possibly to protect their victories; while the losers, who have nothing to gain, are not as apt to report. In the 1965 election, 31.4 per cent of the New Democratic Party candidates, 30.2 per cent of the Social Credit candidates and 47.9 per cent of the other candidates (this includes 40 Ralliement des Cr ditistes candidates) failed to report. Since the election expenses reported by candidates of these parties represent only 9.9 per cent, 2.7 per cent and 2.3 per cent respectively of the total candidate expenditure reported, the problem may not appear very serious. The fact is, nevertheless, that in the 1965 General Election one quarter of the candidates violated the *Canada Elections Act* by failing to report their campaign finance, a figure almost double the 1957 level, and yet not one single violator was brought before or convicted by a court of law. This worsening situation leaves food for thought.

## 2. Weaknesses

A consideration of the weaknesses of the federal legislation is now in order. To begin with, the coverage of the reporting requirements is far too narrow. These cover only the *candidate's* income and expenditure, while important amounts of money go through the national and provincial party organizations. The list of donors provided by candidates is therefore almost worthless. Although it may include some small local donations plus large ones from party associations or federal or provincial fund raisers, the money raisers do not have to report who gave them funds. Thus the important contributors are not revealed. Similarly with the expenses. The nation-wide advertising campaigns and the cross-country tours of the leaders are national party expenses and therefore not reported. Yet such expenses have a crucial bearing on the outcome of local campaigns. Studies have shown that most of the electorate vote chiefly for a party and its national leader. The probably crucial national expenditures are not reported.



The candidate is not required to file and report before the election, and therefore the electorate cannot take such factors into consideration. By the time the candidate has filed his report and the returning officer has published it in a local newspaper, 70 days may have elapsed since election day. It is unlikely that anyone will be interested in this information at such a late date or that the information would affect later elections. The financial statements do not necessarily have to appear in a principal newspaper, and are presented in a form which means little to the reader. Because the reports have no news value, the paper does not play them up, analyze, or comment on them.

The local returning officer is required to keep the reports for six months<sup>136</sup> but no legal provisions have been made for any permanent record of them to be made. However, an informal system has developed. A member of the federal Parliament (a CCF-NDP member) since 1949 has submitted a question after each election demanding returns showing all candidates' expenses and those candidates who failed to file reports. The Chief Electoral Officer's reply appears as a *Sessional Paper*, thus making a permanent record of the reports.<sup>137</sup> There seems to be no logical reason why this informal system should not be given legal status.

The lack of a formalized relationship between the Chief Electoral Officer and the local returning officers has weakened the enforcement of the reporting system. The Chief Electoral Officer cannot force the local returning officers to demand financial statements from the candidates under their jurisdiction. Local returning officers are too close to the candidates to be strict in their demands on them. Since the responsibility for prosecuting offenders has never been delegated to a specific official or agency, no prosecutions have been made.

Because of the complete lack of any auditing, it is impossible to know where or when falsifications or inaccuracies in the reports have occurred. It would be a safe assumption, though, that complete and accurate reports are the exception, not the rule.

It would appear, therefore, that the reporting of federal campaign finances in Canada presents only a distorted partial picture. The reporting, if the candidates even bother with it, tends to be inaccurate, incomprehensible to the average elector, uninteresting and poorly publicized, and unexamined.

#### IV. CONCLUSIONS

Applying the information available on reporting to the Canadian political scene depends on the various goals sought and the approaches which seem suitable for achieving these goals.

A goal of increased income for the political parties should lead to a consideration of the attitudes to political finance of the large mass of non-contributors. The Canadian public appears to have little knowledge of the cost of politics and shares the common tendency to underestimate such expenditures. The somewhat cynical belief that politics is paid for by big business to gain influence

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<sup>136</sup> *Canada Elections Act*, s. 63 (6).

<sup>137</sup> The last six *Sessional Papers* were tabled January 13, 1954; August 16, 1958; November 27, 1959; November 29, 1962; October 1, 1963; and March 18, 1966, respectively.

over government decisions probably precludes the broadening of the base of contributions. If interest in political contributing is to be increased, a meaningful reporting system will probably prove to be a prerequisite, as many people would demand to know where their money was going. Those who fear that disclosure will lead to a reduction in the amounts and number of large donations should be somewhat reassured by the trend in Florida toward more large donations.

If the desired goal were limitation of election expenses, reporting would be a necessity whether the aim be a statutory expense ceiling, or a self-regulating system. The important aspect of any reporting system is accuracy. The mere existence of stiff penalties does not ensure accuracy, as the existing Canadian situation illustrates. Some form of official examination of the reports and strict enforcement of the requirements and penalties are necessary if the financial statements are to be trustworthy. In a self-regulating system the reports must also be accurate, so that the electorate may act upon the information contained in them (i.e., by punishing candidates who in their opinion have overspent). Not only must the reporting itself be accurate, but it must also give a comprehensive picture of the country's political expenditure. If candidates' expenses were faithfully reported, but in fact represented only a small part of total campaign expenditures, it would be unreasonable to expect a healthy self-policing or self-regulating system to develop. It would be necessary to examine the expenditures of Canadian parties between elections, the electoral activities of other organizations, the role played by provincial parties in federal elections, and the cost of nominations, to discover in what sectors important disbursements were being made.

Reporting of expenses cannot affect an election unless it is publicized prior to the election. It would be necessary to consider the establishment of a bureau to collect, tabulate, and publicize summaries of financial statements at federal, provincial, and riding levels. The effort and expense involved for candidate and government would be considerable but essential. Effective pre-election publicity would seem to be the *sine qua non* of any self-policing or self-regulating system.

Reporting is a central, if not the key part of the whole question of the control and limitation of campaign finance. Accurate reporting is essential if legal limitations are to be enforced and the publicizing of financial statements is necessary in any self-regulating system of limitations. The Report of the President's Commission on Campaign Costs summed up the argument as follows: "Full and effective disclosure is the best way to control excessive contributions, on the one hand, and unlimited expenditure, on the other."<sup>138</sup>

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<sup>138</sup> *Financing Presidential Campaigns*, p. 18.



# 3

## REGULATION OF POLITICAL FINANCE IN THE UNITED STATES

by

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### I. INTRODUCTION

The system of political finance in the United States is one of essentially private financing of politics that is characterized by a wide variety of practices and procedures for raising funds, a wide variety of laws for regulating political funds, and a wide variety of means for spending them. The United States is marked by considerable dissatisfaction with present practices, with some evidences of ferment and experimentation and groping for better ways of financing and regulating politics, and some searching for legal and practical remedies for long-standing deficiencies.

Existing federal and state laws relating to political finance are essentially negative in character, containing numerous prohibitions, limitations, and restrictions. Early enactments were designed to remedy or prevent flagrant abuses at a time when political costs were relatively low and funds came from the privileged few or from corporations. Efforts to prevent excessive spending usually took the form of imposing limitations on expenditures. The rationale was that limitations would prevent money from being a dominant factor in elections, and would lessen undue advantages enjoyed by better-financed candidates and parties. Efforts to lessen the degree of candidate dependence upon any one person or interest group usually took the form of imposing limitations on contributions, or prohibiting contributions from certain sources.

In the regulatory pattern, in addition, there has been an underlying pattern of reliance upon public reporting of campaign contributions and expenditures, based upon the assumed cleansing and policing power of disclosure and publicity. Publicity was designed as a preventive rather than as a punitive measure, and as a supplement to limitations and prohibitions on certain sources of funds.

Limitations did not, perhaps could not, control the level of campaign costs. When political costs increased, few efforts were made to relieve financial pressures in politics. Early reformist clamour led to state assumption of the costs for the



conduct of elections, including party primary elections, by paying the bills for election machinery. This major reform was adopted universally by the states, but few states have gone beyond this minimal form of assistance. Most of those states that did go further, usually by adopting some form of publicity or voters' pamphlets distributed at state cost to the electorate, have now repealed such provisions. In recent years, four states have attempted to encourage broader financial support for candidates and parties by enacting tax incentives for political contributions. A few states have adopted other measures to help relieve financial pressures.

Historically, no major reform movement in the United States centered on problems of money in politics, and few positive statutes attempted to ease the financial plight of candidates and parties. When macing, or the assessment of government employees, was prohibited, the gap was filled by contributions of corporations; when corporate contributions were prohibited, the gap was filled by wealthy individuals; when contributions by wealthy individuals were restricted, the gap was filled by a miscellany of measures, such as fund-raising dinners. But usually no compensatory or positive measures were adopted to fill a gap after closing off a traditional source of political money, or to replace an undesirable or outmoded practice.

Publicity has not wholly fulfilled its promise of policing politics, perhaps because disclosure does not in itself ensure publicity. Legislative enactments generally did not face up in positive fashion to the right of the electorate to know who gives, how much, to whom, and for what. Only one state, Oregon, has adopted a publicity mechanism to help the press inform voters of what the reports contain.

Penalties for violations of public reporting statutes, and of limitations and prohibitions and other corrupt practices, are provided in federal and many state laws. But frequently there is no statutory responsibility for enforcement, and procedures to be followed are either not clear or, for political reasons, among others, not followed. Loopholes and ways to bypass limitations and restrictions have been found in many loosely worded statutes.

Corruption and dishonesty have not been serious regulatory problems because bribery, fraudulent voting, personation, and other similar practices were prohibited under the common law and had been regulated at an early date.

In short, existing statutes often hinder or have the effect of inhibiting financial as well as other types of political participation, and they sometimes actually promote unnecessary costs, as in recount elections. Often the laws are unenforced or unenforceable; generally they fail to take into account high campaign costs and new campaign techniques; they have failed to relieve financial pressures on parties and candidates by providing subsidies or other ways for government to provide assistance, as in registration and get-out-the-vote drives; they have failed to provide meaningful encouragement to a broadening of the financial base.

Because present laws are negative, unenforced or unenforceable, they invite public cynicism and fail to promote healthy attitudes toward politics, politicians, and money used in politics. To the degree unhealthy attitudes persist, parties and candidates have difficulty in raising necessary funds. To the extent that political money is difficult to raise, regulatory problems have persisted. The United States has not yet demonstrated its ability to break out of this cycle.

## II. PUBLIC REPORTING STATUTES

### A. Federal Provisions

Federal provisions controlling political financing are principally contained in the *Federal Corrupt Practices Act* of 1925, and the *Hatch Political Activities Act* of 1939, along with subsequent enactments amending or supplementing the original statutes, notably the *Labor Management Relations Act* of 1947. The requirements of these laws are supported by criminal sanctions.

With respect to federal elections, the Congress has relatively broad discretion to regulate contributions and expenditures to, and by, political candidates and committees, and also to limit the political activities of persons with government associations, including public officials and government contractors. There is some doubt about the extent of jurisdiction over other forms of politically significant action, as in certain tax-exempt organizations.

The courts have recognized Congressional authority to regulate the conduct of political campaigns for elective federal office. However, they have indicated that the power is subject to certain constitutional limitations, not yet fully defined. Recent cases strongly suggest that the scope of permissible legislation at both the federal and state levels is circumscribed by First Amendment guarantees of freedom of speech and press, particularly in regard to the regulation of certain activities outside the conventional framework of partisan campaigning.

#### 1. Disclosure

Federal publicity and allied statutes date back to 1910, subsequently revised in 1912, 1925, and 1927. They require the filing of general election reports by candidates for the United States Senate and House of Representatives, and by certain political parties and committees at specified times to be noted.

#### 2. Definition of Election

The present law includes a general or special election but expressly exempts from reporting requirements campaign funds used in primary elections and party conventions, resulting in an incomplete and distorted picture of campaign finance. The original publicity law did not provide for federal coverage of primary elections and nominating conventions and caucuses, but this was remedied later in an amendment. In 1921 the Supreme Court, in a close decision in the case of *Newberry v. United States*,<sup>1</sup> refused to acknowledge Congressional power over primaries and conventions on the ground that the constitutional grant of power in Article I, section 4, over the "time, places, and manner" of holding elections for Congress did not contemplate primary elections since they were unknown when the Constitution was written.

This narrow interpretation was explicitly rejected in 1941 in *United States v Classic*,<sup>2</sup> yet Congress has not fully reasserted its power over the nominating phase of the electoral process, and publicity provisions still reflect the *Newberry* decision. Nevertheless, Congress has explicitly expanded the prohibition against corporate, national bank and union political activities to include nominating

<sup>1</sup> 236 U.S. 232 (1921).

<sup>2</sup> 313 U.S. 299 (1941).

elections, and certain other federal provisions, such as those prohibiting members of Congress from soliciting or accepting money from federal employees, have been interpreted by the courts to apply to primary elections.

Despite these circumstances, which clearly show that constitutional obstacles to primary coverage no longer exist, political opposition to extending such coverage remains, based mainly on the states' rights argument that responsibility for regulating elections rests primarily with the states and not with the federal government. Thus review of contributions and expenditures, even in federal elections, is excluded in many states where in effect success in the primary is tantamount to election. The exclusion of nomination (primary) campaigns has the effect of regulating the significant elections in some states but not in others.

Millions of dollars are spent in preconvention and convention activities. Such activities include the use of funds in holding the conventions, in campaigns by or on behalf of candidates in the selection of delegates and in expenses of delegates. Financing of some of these activities is required to be reported in some states, but not uniformly, even in Presidential nomination campaigns. Thus integral phases of the campaign process are excluded by present law.

### 3. *Definition of Political Committee*

Under federal law, a political committee includes any group which accepts contributions or makes expenditures for the purpose of influencing or attempting to influence the election of federal candidates or presidential electors in two or more states. The law is designed to include the National Committees of political parties and such adjuncts as the Congressional and Senatorial Campaign Committees, and interstate *ad hoc* committees, including those operating on behalf of Presidential and Vice Presidential candidates for general election campaigns, but not for pre-nomination campaigns. Covered by the statute are all branches or subsidiaries of a National Committee, association, or organization, whether or not the branch or subsidiary operates in more than one state, but specifically excluded from coverage are duly organized state and local committees of a national political party. Given the American system of multiple candidacies, state and local party committees normally support the whole party tickets. Their activities undoubtedly benefit federal candidates, yet they go unreported at the federal level. So, too, the activities of intrastate, non-party committees supporting individual federal candidates benefit other federal candidates on the same ticket.

One clear evasion possible under the present definition depends on the practice of organizing in one state an *ad hoc* committee to sponsor a fund-raising dinner on behalf of a federal candidate or candidates, because under federal law the committee is intrastate and need not report in Washington; then the net proceeds from the dinner are transferred in one lump sum to the candidate or other reporting committee, this obviating the need to itemize on the federal report the names, addresses, and amounts given by each contributor of \$100 or more. Even committees sponsoring fund-raising dinners or galas held on behalf of the National Committees or Senatorial or Congressional Campaign Committees of the major parties follow this devious practice; separate non-reporting committees are established to sponsor the events even in the District of Columbia, which under law is considered the same as a state. The interpretation of law is ambiguous because invariably individuals in two or more states buy tickets to the events, and



once the proceeds are transferred to the national party committees, they invariably spend money on behalf of candidates for federal office in two or more states.

The definition of "committee" is closely related to the definition of "election." For the extension of coverage to include primaries is not very meaningful unless intrastate committees operating in primary elections are required to report. Since all primaries occur within state boundaries, if primary coverage were extended but the interstate definition of political committee were continued as at present, then only primary candidates for federal offices would be required to report. Since candidates in turn could shift most of their receipts and disbursements to non-reporting intrastate committees, the intent of primary coverage would be lost. And this procedure could be followed by candidates for presidential nomination who campaign in state primaries as well as by candidates for congressional nomination. Thus a comprehensive definition extending to intrastate committees supporting federal candidates is necessary to give relevant information on primary and pre-convention political activities.

To close gaps in existing law resulting in the exclusion from reporting provisions of many state and local committees, recent proposals would discard the test of interstate activities and substitute a monetary test: thus all committees accepting contributions or making expenditures exceeding the aggregate amount of, say, \$1,000 for the purpose of influencing or attempting to influence the election of federal candidates would be subjected to federal reporting requirements. The only constitutional test of coverage is whether federal offices are affected by activities of state and local committees. If such activities in their direct or indirect effects could impair the integrity of elections at which federal candidates or electors are also chosen, then clearly Congress may adopt the necessary statutory regulations.

#### *4. Definition of Candidate*

The term "candidate" is defined in present law as an individual whose name is presented for election to the Congress of the United States. Extension of federal coverage to nomination activities would require a change in the language to include a person whose name is presented for nomination or election to the Congress. The present law also excludes candidates for President and Vice President from reporting requirements, although committees operating on their behalf report if active in two or more states. This exclusion makes it difficult to calculate precisely how much is raised or spent on campaigns for the two highest positions in the land. For wealthy candidates can personally spend large sums of money that go unreported. And secret campaign funds might be used on behalf of these candidates. The candidate, of course, takes political risk in excessive use of personal or special funds for whatever reason. It would protect the candidates themselves if candidates for the offices of President and Vice President were required to report their personal expenditures, and such reporting might also limit amounts they would be willing to spend on their own behalf.

#### *5. Definition of Contribution and Expenditure*

Meaningful financial reports require comprehensive definitions of contributions and expenditures. The present definitions are adequate, as follows: Contribution includes a gift, subscription, loan, advance, or deposit, of money, or



anything of value, and includes a contract, promise, or agreement whether or not legally enforceable, to make a contribution. Expenditure includes a payment, distribution, loan, advance, deposit, or gift, of money, or anything of value, and includes a contract, promise, or agreement, whether or not legally enforceable, to make an expenditure. The phrases "whether or not made in the course of business," and "transfer of funds among committees" could be added to the enumerations.

#### *6. Committee Reporting*

At the federal level, every political committee must have a chairman and a treasurer. The treasurer's duty is to keep a detailed and exact account of all receipts and expenditures, and preserve bills and accounts for at least two years from the date of filing of the financial report. The report is filed by the treasurer with the Clerk of the House of Representatives between the first and tenth days of March, June, and September of each year, and also between the tenth and fifteenth days, and on the fifth day before a general election, and also on the first day of January. Each subsequent report in a calendar year is cumulative for totals, and the January 1st report is required to carry forth totals for the whole preceding year. Reports must list the names and addresses of contributors of \$100 or more, and the date and amount must be included. Totals of all other receipts must be included. Expenditures listed must include the names and addresses of all persons to whom \$10 or more were disbursed in the calendar year, together with the amount, date, and purpose of disbursements, as well as the total of all other expenditures, and the aggregate of all expenditures.

Any person receiving a contribution for a political committee must within five days or on demand render to the treasurer a detailed accounting, including the name and address of the donor, and the amount and date received.

#### *7. Candidate Reporting*

Every candidate for Senate and House must file not less than ten or more than fifteen days before an election, and also within thirty days after, a statement itemizing each contribution and expenditure made or received by him or by any person for him with his knowledge and consent.

The law expressly excludes from listing certain specified forms of candidate expenditures, such as state filing fees, necessary personal, traveling or subsistence expenses, postage, telegraph and telephone expenses. The effectiveness of publicity is limited by the failure of the law to reach the expenditures in these important categories, with the result that the total amounts listed on present candidate reports are misleading. The exclusions suggest that certain expenditures are "legitimate" and do not have to be reported, while others are not and require reporting. The distinction is not only misleading, but it detracts from the value of the reports generally. A comprehensive reporting system demands the listing of all types of expenditures with no exceptions permitted, not even those that may be exempted from limitations. Many candidates file personal reports indicating no contributions or expenditures, because campaign committees receive funds and spend them on their behalf; the exclusions in federal law then exempt intrastate campaign committees from reporting. Some candidates and committees do report, but not all in uniform fashion.

## 8. *Statements by Others than Candidates or Committees*

Anyone spending directly \$50 or more in a calendar year to influence a federal election in two or more states must file a statement similar to that required of regulated political committees. However, this provision does not apply where the expenditure consists of a contribution to a committee. Surely many thousands of individuals spend \$50 or more out-of-pocket, but only rarely do individuals comply with this provision. It is potentially significant with respect to spending by wealthy individuals, and those traveling for political purposes across state boundaries, and numerous others. There have been proposals that individuals contributing more than a given amount, say \$500 or more to influence federal elections, also be required to make personal reports of their aggregate contributions, listing recipients and amounts.

## 9. *Procedures*

Reports of candidates and committees must be verified by oath or affirmation, and are deemed properly filed when mailed within the prescribed time. These reports constitute a part of the public records, and are open to public inspection. They must be preserved for two years from date of filing.

State laws, unless inconsistent, are not affected by these federal laws, and candidates are not exempted from complying with state laws.

## 10. *Violations*

The authorized punishment for violation of the foregoing is a maximum fine of \$1,000 and/or a prison term not exceeding one year, except that for "wilful" offences, a fine as high as \$10,000 and a two year prison term are authorized.

## 11. *Comments*

The statements of candidates for the Senate are filed with the Secretary of the Senate, and those of candidates for the House as well as those of reporting parties and committees and individuals with the Clerk of the House. The Senate reports are made available to the public for six years (a full Senate term), but access to those in the House is closed after two years, the legal limit. After six years, the Secretary of the Senate sends reports to the National Archives; the Clerk of the House may retain his on file for an undetermined period after two years.

At present the receiving agents are not empowered to audit regularly the reports or to prosecute for violations. Although not directed by law to ensure that every statement that should be filed has been filed, when known candidate reports are missing, both the receiving agents have been known to send notification that such are required. If compliance is not obtained, the matter is dropped. Nor are receiving agents authorized to notify proper investigatory or enforcement officers of violations. The lack of provision for regular audits breeds irresponsibility in campaign bookkeeping and a corresponding lack of confidence in the accuracy and completeness of reports. Audits may not turn up all omissions, but they will catch inaccuracies and provide grounds for following up suspicious cases. Many statements as filed at present do not serve the purposes of publicity and are frequently unintelligible. Many are filed late.

The lack of audit, compounded by only sporadic investigation and enforcement, means that there is not a consistent or reliable way of ascertaining the degree of compliance with existing statutes. Occasional Congressional investigations are made, but there is no provision for systematically publicizing the content of the reports. Thus publicity is left to chance, to the media, and scholars. Even opposing candidates and parties usually fail to make serious efforts to ferret out damaging information about rivals. After the period of public access, there is no record of what reports were on file, nor any published document to show what the figures were.

### B. *The State Level*

All states excepting seven require some degree of disclosure of campaign funds with regard to certain campaigns within the state, normally including campaigns for federal office and excluding campaigns for municipal office. But there is great variation in reporting requirements as they apply to candidates, committees, receipts and/or expenditures, before and/or after primary and/or general elections. Of 43 states with some requirements, only fifteen states require filing of reports from both candidates and committees detailing sources of funds and types of expenditures both before and after primary and general elections. As at the federal level, a few states require individuals making direct expenditures of a given amount (\$25 or \$50 or more) on behalf of a candidate to file a report.

The ways the law requires the listing of contributors and the identification of expenditures may enhance or inhibit the clarity of the information itemized; for example, the listing of a contributor without his full first name and middle initial deters identifying him, as does the statement of a payment made for "services rendered" camouflage the type of expenditure actually made. Several states require the listing of debts incurred, but most states do not. No state requires the listing of fund raisers or solicitors. The number and timing of reports is an important matter considering the number of states which require reports *only after* an election has been held. Ample information needs to be made available prior to the election, when it can have its greatest effect. The public memory is not notably long-lived, and information in a post-election statement must be damaging indeed to affect the political fortune of a candidate or a party two years or more after it becomes public. Pre-election reporting of expenditures can be misleading if payments are advanced or deferred to suit the publicity goals of a candidate or committee. But reporting at regular intervals to an effective publicity agency would help provide long-term financial information about the sources of funds, types of expenditures and other relevant matters.

One state, Oregon, attempts to meet the need for public reporting which goes a step beyond public disclosure. Oregon publishes for public distribution a summary of the total campaign receipts and expenditures for candidates and committees for both primary and general elections. Oregon and Montana require the actual books to be made available for inspection by a representative of an opposing candidate or treasurer; in Montana, the right of inspection is enforceable by a writ of *mandamus*.

Securing disclosure is only a first step; the larger purpose is to inform the public about sources of funds and categories of expenditures. At the federal level and in many states, access to filed reports is severely limited as to hours and



conditions under which reports are made available, and space for utilizing them. Use of equipment such as typewriters and calculators is sometimes prohibited. Photostats of reports cannot often be obtained. Only two individuals per organization are permitted access to Congressional reports at a given time. After two years the federal records may not be available at all, and they are not always sent to the Archives. The restrictive conditions that prevail hinder convenient examination, digesting and summarizing of reports.

### *C. A Recommended Registry of Election Finance*

The President's Commission on Campaign Costs recommended with respect to Presidential and Vice Presidential campaigns the establishment of a Registry of Election Finance. In the words of the President's Commission on Campaign Costs, the Registry would

be given responsibility to receive, examine, tabulate, summarize, publish, and preserve the reported data; to prescribe the form in which reports are to be made; to fix the dates of their submission (within latitudes fixed by statute); and to determine how best the data in the reports can be disseminated both before and after elections. We recommend, too, that the Registry have the explicit duty to refer apparent infractions of law to the appropriate law enforcement authorities.<sup>8</sup>

Additional specific duties can be suggested:

- (1) To provide for candidates and committees a manual setting forth uniform methods of bookkeeping and reporting, for easy conformance with legal requirements;
- (2) To develop a filing, coding and cross-indexing system consonant with the purposes of the law;
- (3) To make reports available for public inspection within twenty-four hours of receipt, including weekends and holidays, and to preserve them for a period of ten years;
- (4) To provide that typewriters, calculating and photocopying machines be available for use at rates determined by cost;
- (5) To use modern electronic data-processing equipment to prepare and publish summaries of reports to include major information for distribution to the wire services and all others entitled to representation in Senate or House Galleries, and to disseminate pertinent information relating to the nationwide, state or local character of the represented media agencies, including candidate or committee delinquencies in complying.

Such a modern publicity mechanism would seem necessary at the federal and state levels to ensure the filing of uniform data that will permit the media, scholars, and the public to utilize reports to the maximum. Beyond that a repository could be given positive statutory responsibility to ensure uniformity, compliance and widest possible dissemination of information contained in filed reports.

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<sup>8</sup> "Financing Presidential Campaigns", *Report of the President's Commission on Campaign Costs*, U.S. Government Printing Office, Washington, D.C., April, 1962, pp. 19-20.



In brief, a publicity system should be compatible with the realities of political and especially campaign life; it should provide maximum reasonable information without putting undue burdens upon candidates and parties whose main functions, after all, are not bookkeeping and accounting, but campaigning. If the reporting requirements are to be simple and easily fulfilled, the guiding rule should be to seek the highest common denominator of information about political funds that those reporting can be expected to make available, and that the public can be expected to make use of. There should be some coordination between federal and state requirements as they apply to federal candidates. These are basic principles that should be influential in both federal and state laws.

### III. LIMITATIONS

Limitations were designed to control excessive expenditures and contributions. Limitations on candidate and committee expenditures are of several sorts: an actual cash limit; a limit on expenditures to a stated percentage of salary for the office sought; a limit based upon amounts that can be spent per registered voter, or per voter for the same office in the previous election.

#### A. Expenditures

##### 1. Federal Provisions

No limitations of any kind are placed on the personal receipts or expenditures of candidates for President and Vice President, nor are they required to report their personal receipts and expenditures.

(a) *Applied to Candidates.* Federal law limits the personal campaign expenditures of candidates for election to Congress. The limitation does not apply to election expenditures made on a candidate's behalf by supporting committees, nor to his own expenses in seeking nomination. Expenses incurred for the following purposes are exempt from the limits: filing fees; traveling and subsistence; telephone and telegraph service; distribution of campaign literature; stationery, postage and printing (other than newspaper and billboard advertising).

Federal ceilings apply unless state legislation prescribes lesser amounts. Ceilings are: for House candidates, \$2,500 or 3 cents for each vote cast for the office at the last general election, but not to exceed \$5,000; for Senate candidates, \$10,000 or a larger amount as determined by the 3 cent formula, up to a maximum of \$25,000.

(b) *Applied to Political Committees.* Federal law prohibits a political committee from accepting contributions, including loans, or from making expenditures, exceeding \$3,000,000 in any calendar year. The ceiling does not apply to committees which confine their activities to nomination for federal office. It does not restrict the number of interstate committees, each of which may receive or expend funds within the designated ceiling. Intrastate political committees are not affected. Since the definition of "political committee" is limited to organizations designed to influence federal elections, it is probable that non-political organizations pursuing purported educational or informational programs are not covered by present law, even though they may seem in the public mind to identify with the fortunes of particular candidates or parties. It is doubtful whether the expenditures of such groups could be constitutionally curtailed.

A fine not exceeding \$1,000 and/or imprisonment for up to one year is authorized, except that for "wilful" offences a fine of up to \$10,000 and/or imprisonment for two years may be imposed.

## *2. The State Level*

Thirty states have some limitations on expenditures. Most of these ceilings apply to gubernatorial and other statewide offices. State laws also may apply to candidates for the United States Senate and House. As noted, unless state laws prescribe a lesser amount, federal limits to candidates for federal offices apply. State limits also may apply to primary campaigns for nomination for President.

In twenty-one states, limitations apply to candidates but not to committees operating on behalf of candidates, so the limits are not meaningful. In Tennessee, there are no exclusions stated in the law, but the oath taken by the candidate in filing his statement of expenditures requires swearing only with respect to moneys spent with his knowledge; this provision is found in one form or another in thirteen other states as well, and is used as a loophole to circumvent limitations by spending without his knowledge and consent.

Some thirty states impose limitations in primaries and/or general elections for certain offices. Most stated limits apply in the same amount to the primary and the general election separately. In a few states, limitations apply to primary and general election combined so that aggregate totals of expenditures in both primary and general election cannot exceed the amount of the limitation. In six states, limitations apply only to primary elections.

Despite continually changing campaign techniques, twenty-eight states enumerate lawful or legitimate political expenditures. While these provisions do not affect limitations on amounts that can be spent, they do seek to restrict certain kinds of expenditures. Some enumerations apply to candidates' expenses only, some to committees, treasurers or agents also. Some apply different enumerations to candidates and the others. Some enumerated expense lists apply only to primaries, and some only to general election campaigns. Oklahoma permits, among other expenses, those for transportation of sick, poor, or infirm voters to polls; apparently expenses to transport healthy and vigorous voters are illegal. Florida recognizes reality, and makes it lawful to incur expenses for public opinion polls, and for babysitting service.

## *B. Contributions*

### *1. Federal Limits on Individuals*

Individuals are forbidden to contribute more than \$5,000 in any single year either to or on behalf of a candidate for nomination or election to elective federal office, or to or on behalf of any interstate organization supporting either such a candidacy or the success of any national political party. The \$5,000 ceiling does not prevent anyone from making multiple gifts in that amount to many candidates and committees. Individuals can make contributions to intrastate committees which then can channel unlimited sums to any intended candidate or committee. Moreover, the limitation does not refer to expenditures and thus may permit individuals to expend funds directly for many types of political assistance on behalf of a beneficiary.

(a) *Gift Tax.* Of significance in limiting the size of political gifts is the federal gift tax. A gift of more than \$3,000 to one candidate or political committee within a calendar year may be subject to a gift tax. The amount taxable in a given year is the amount by which each taxable gift exceeds \$3,000 added to the amounts by which other taxable gifts do the same. Thus the taxable amount is cumulative from gift to gift within each year; it is also cumulative from year to year. The rate of the tax is progressive. A lump sum exemption of \$30,000, which may be taken only once in a lifetime, is granted on gifts made after 1932.

## 2. *The State Level*

Seven states limit the amounts an individual can contribute, with ceilings ranging from \$1,000 to \$5,000. Limits on contributions generally are interpreted to mean that a limitation is set on the amount of a contribution by one person to any one candidate or committee, but amounts up to the limit can be contributed by the same person to as many committees as exist, whether or not they exist to support a given candidate. In Massachusetts, contributions during a year are limited to \$3,000 to one candidate, \$3,000 to one party, and \$3,000 to non-elected political committees not organized on behalf of any candidate. Direct expenditures by an individual on behalf of a candidate are also forbidden in some states. Iowa makes it an offence to use campaign contributions from nonresidents.

## C. *Comments*

Many observers criticize limitations. For example, the President's Commission on Campaign Costs asserted its belief that limitations were unenforceable, while full disclosure is a better way to control both excessive contributions and unlimited expenditures. Statutory ceilings do not necessarily limit expenditures or contributions. They may give a false impression that spending or contributing is controlled, and they may tend to discourage full reporting. If limitations are too low, they may spur an increase in the number of political committees and invite other forms of evasion. If limitations are too high, they may spur spending to that level. In any case, politicians are unlikely to refrain from spending what they think necessary, and there are good reasons for assuming they know what is required to influence the electorate. Amounts spent before announcing candidacy may never be reported. Debts above limitations may be deferred or never reported. And exemptions for limitations are found at the federal level and in twenty-two states. Some exceptions are perhaps necessary, such as those for expenses incurred in filing fees or in contesting election results. But exemptions for normal campaign expenditures weaken limitations and lead to the belief that they are worthless.

## IV. CONTROL AND RESPONSIBILITY

### A. *The Federal Level*

Federal law makes no provision for centralized responsibility of campaign finance. Limitations on candidate expenses do not apply to expenditures made by committees acting on their behalf, and candidate reports consolidating all



expenditures in behalf of a candidacy are not required. As a consequence, neither the party nor the candidate can exercise full control over campaigns. Candidates, citizens' committees and party committees, each with their own funds, campaign side by side, sometimes on a coordinated basis, sometimes not. Party and other committees may support more than one candidate, thus making it more difficult to determine amounts spent in specific campaigns for particular offices. As a result the public, and often the candidate, does not really know the cost of campaigns.

### *B. The State Level*

Some states have attempted to centralize the handling of political money at a single or a few visible points by employing the doctrine of agency which can both facilitate public reporting and help limit campaign expenditures. The agency system fixes in varying degrees legal responsibility on the candidate or a small number of persons (agents he designates) for handling, accounting for, and reporting campaign funds. This pattern of control is designed to facilitate disclosure and give the public assurance that all expenditures on behalf of a given candidacy will be reported by a responsible agent. This control also may give the candidate or his agent discretion in authorizing expenditures up to a limitation that may be imposed on expenses.

In no state, under law or in practice, does the party control all funds and report pro-rated allocations to all candidates. Only states with agent responsibility may require some candidates and their committees to file a consolidated report covering all receipts and expenditures on behalf of a given candidacy; even then reports of party committees need not pro-rate allocations of funds on behalf of candidates. Such a system would be awkward anyway because parties and committees often support multiple candidacies at the same election, and would need to pro-rate arbitrarily expenses on behalf of a single candidate.

New Jersey provides for the appointment of an agent but then permits escape by providing that a candidate or agent can disavow an expenditure made without authority within five days after he hears of it. Candidates are permitted to file blanket disavowals before a campaign, thus disclaiming in advance any unauthorized expenditures before they are even made.

#### *1. The Florida Approach*

The agency system is most advanced in the Florida campaign disclosure law, as rewritten in 1951. It permits unlimited expenditures but demands adequate publicity of all expenditures and all contributions, including services in lieu of cash contributions. It imposes responsibility on each person involved in the financial process: the donor, treasurer or deputy treasurer, and candidate. Individual contributions are limited to \$1,000, and contributions of any nature are prohibited to any party or candidate for nomination or election, from (1) persons holding a horse or dog racing permit; (2) persons holding a licence for the sale of intoxicating beverages; and (3) persons operating a public utility. No contribution may be received less than five days preceding a primary, and all contributions must be made through a duly appointed campaign treasurer or



deputy treasurers (not more than one deputy in each county). Direct expenditures on behalf of candidates by private citizens are forbidden unless authorized by the candidate or his agent.

In order to qualify for the ballot, a candidate must appoint at least one campaign treasurer and designate at least one campaign depository (any bank lawfully operating in the state). Not more than one depository may be designated in each county. All contributions must be deposited in a designated depository within 24 hours (Sundays and holidays excepted). Deposit slips, provided by the state, must be in triplicate and show the name, address, and amount given by each contributor. Two copies are retained by the depository and one by the campaign treasurer. No expenditures may be made or authorized unless there is sufficient money in the depository. Written authorization is required for each expenditure, signed by the campaign treasurer, and accompanied by the certificate of the person claiming the payment which states the purpose of the claim. The written authorization, the certificate, and the order for payment forms are provided by the state on the same piece of paper. Depositories must make statements containing copies of deposit slips and of withdrawal orders, within fifteen days after the primary with the officer before whom the candidate qualifies. Statements for most candidates and committees, and depository statements, are filed with the Secretary of State, who makes them available to the public and preserves them for four years.

In an effort to keep before the electorate an up-to-date account of all moneys involved before as well as after the election, Florida requires financial reports from some candidates (Governor and United States Senator) on a weekly basis preceding the election; from all other candidates on a monthly basis; in the case of all offices, fifteen days after each primary or election; from political committees on a monthly basis following the closing date of qualification of candidates.

Candidates are prohibited from contributing to charitable or eleemosynary organizations, and such organizations are likewise prohibited from soliciting. However, a candidate can continue regular personal contributions to groups of which he is a member, or to which he has been a regular contributor for more than six months.

Both last-minute and post-election contributions are prohibited, which in theory prevents saturation campaigns in the closing days while also preventing commitments in return for financial aid. Campaign indebtedness is prohibited, a feature not likely to be adopted elsewhere, nor complied with anywhere.

Penalties provided in the Florida statute include the possibility of conviction for commission of a misdemeanour or felony, citation for contempt, revocation of charter or permit, and the loss of commission to office.

## *2. Constitutionality of Campaign Treasurer Provision*

There is question as to the validity of a state statute which forbids expenditures on behalf of a candidate unless channeled through the candidate's duly appointed campaign treasurer. The Wisconsin Supreme Court invalidated a similar provision in 1916 in the case of *State v Pierce*.<sup>4</sup> There the Court affirmed an order quashing an indictment charging a defendant with violating a provision of the *State Corrupt Practices Act* which forbade one not a candidate or committeeman from spending money outside his own county for "political

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<sup>4</sup> 163 Wis. 615, 158 N.H. 969.

purposes.” Construing the section as empowering candidates or political parties with authority to prevent independent persons from spending money to urge their views on government practices, the Court stated, “If this is not an abridgment of freedom of speech, it would be difficult to imagine what would be.” The constitutional issue is how far Congress or the states may go in protecting the purity of elections without abridging freedoms guaranteed under the First Amendment. When legislation is passed that may interfere with the First amendment the judicial presumption, at least at the federal level, is against enforced surrender of rights unless “. . . justified by the existence and immediate impendency of danger to the public interest.” One writer believes it doubtful that the courts would ultimately find the use of money in elections sufficiently dangerous to justify, in effect, giving the candidate discretion to prohibit speech.<sup>5</sup> On the other hand, the Supreme Court of Florida found no contravention of the State Constitution’s free speech guarantee in the Florida law, but held that a law designed to curb corruption in elections is an acceptable exercise of legislative police power under the Florida constitution.<sup>6</sup>

### 3. *Other Comment*

In large constituencies, such as statewide contests, the designation of an agent means the agent in turn must appoint subagents in various counties and towns to act in his behalf. Thus some degree of control over funds is lost. Nevertheless, the system of agency enhances public reporting to the extent it centralizes funding in one committee which is then required to report. The absence of limitations on expenditures is also designed to encourage disclosure of maximum campaign fund data. Also in large constituencies, the bank depository system requires that agents be authorized to designate one such bank in each county, thus countering the centralizing tendencies in the one bank concept. Unless prohibited, cash may be used to circumvent the effectiveness of the bank depository. Nevertheless, the system of bank depositories does help to centralize campaign funding.

Candidate authorization raises the question of how a person can be drafted for nomination to political office if money cannot be raised on a person’s behalf without his consent. Candidate responsibility also raises the questions of how he can be sure he has ascertained the existence of all supporting committees, and whether he is receiving complete information from them.

### C. *A Recommended Registration System*

An alternative to the approach in the Florida law lies in a system for registering committees, which a few states now attempt but in inadequate ways. Registration is designed to achieve the early disclosure of the political affiliations of both candidates and committees (one of the objectives of the agency system) without incurring the constitutional or political difficulties inherent in the authorization or agency system. An effective registration system appears possible without making the candidate responsible either for ascertaining the existence of supporting committees or for controlling their behaviour. The problem is to provide

<sup>5</sup> Anon., “Statutory Regulation of Political Campaign Funds,” *Harvard Law Review*, 66 (May, 1953), 1267-68.

<sup>6</sup> *Smith v. Ervin*. 64 So. (2d) 166 (Fla. 1953).

the public with knowledge at an early date as to what committees are in existence and supporting what candidates with how much money. At present the public, and the candidate as well, often does not know of the existence of volunteer or citizens' committees unless and until they officially report. A registration system, similar to lobbying registration but administered by a central repository, would overcome that deficiency by ensuring disclosure early in campaign years of the extent of proposed political activity.

Under the terms of a registration system, all committees undertaking activities affecting candidacies reportable under the law would be required to file official notice of intention to operate. Once registered, they would be required to report periodically. The effectiveness of a registration system is best ensured if accompanied by the establishment of a Registry of Election Finance which no state now has.

The Registry would distribute lists of registering committees, and later campaign fund data, to the press, to the parties and to the candidates. For example, a federal Registry would divide lists into nationwide and state groupings, giving the wire-services information on all national committees, and giving local newspapers information on all committees within their areas, thus encouraging disclosure on the local level. With this knowledge, each news agency would be able to follow the activities of each committee supporting each candidate. Distributing the lists of registering committees to the parties and candidates would give them knowledge of the committees supporting them and their opponents, thus making it easier to watch more closely, if they so desire, campaign activities of both supporters and rivals. This feature might well provide a kind of self-regulating mechanism that would serve to foster effective publicity and possibly would help to limit campaign cost. States could adapt their systems to local needs.

## V. ENFORCEMENT

Part of the problem of regulation in the United States has been the lack of serious enforcement. The reasons for non-enforcement are understandable: difficulty in finding evidence, lack of respect for present law, partisanship, reluctance to prosecute members of one's own party, or even of the opposition party for fear of retribution when that party assumes control. But part of the problem is one of inadequate administration. For effective regulation, some officials must be given statutory responsibility to determine whether reports are filed as required; whether contributions are properly reported; whether the limit, if one exists, is being exceeded; and whether reports are properly completed. Once determinations are made, there should be statutory responsibility to report infractions to enforcement officials.

In one state where an analysis was made there were indications that loans to candidates were not being fully reported; that candidates were delaying the reporting of large portions of their expenses until after the election because of ambiguities in the law concerning the reporting of indebtedness; that disclosure was being avoided by persons who paid a candidate's bills rather than gave money directly to the candidate; that several candidates concealed the recipients of campaign expenditures by channeling large portions of their campaign payments



to advertising agencies for use for undisclosed purposes; and that cash contributions were not being fully reported. The analysis illustrates how difficult it is to frame laws to meet all contingencies. At times, even well-intentioned administrators of such laws may find themselves legally helpless to correct certain omissions or errors.

Forms for filing information are provided by twenty-nine states but are often inadequate single sheets incapable of containing required information. In fact, no form currently authorized by statutes would satisfy varying bookkeeping and computer methods now employed by some political committees. Some committees now file copies of daily tally sheets listing contributors regardless of amount of the contribution. Some committees do not list full names of contributors because computer equipment can be fed only limited digits to fit on mail address tabs.

Of the states with public reporting requirements, only sixteen specify that receiving officials inspect reports, eighteen require reporting of delinquents, and fourteen require the receiving official to report cases of excessive or illegal expenditures to a prosecutor. For obvious reasons, these provisions do not often lead to prosecutions. There is difficulty in finding evidence of any kind but especially of wilful intent to commit a violation; those who are responsible for inspecting reports or for prosecuting are nominated or appointed through their party activities, and as partisans they are reluctant to exact compliance. Judicial relief is seldom sought, even by losing candidates who rarely want to spend the additional time and money necessary to raise legal questions, or to be called a "sore loser."

A Massachusetts law provides a mechanism for the protection of community interest. If five or more voters have reasonable cause to believe that a defined corrupt practice has been committed by a successful candidate, such voters may apply directly to a State Superior Court Justice for leave to bring an action in a special court consisting of three judges to void the candidate's election. No cases have been brought under this provision.

Maine has tried to tie inspection and review to reporting by creating a Campaign Reports Committee, composed of two members from the Senate and three members from the House of Representatives of the state legislature, with responsibility to review the filed reports and to investigate for the purpose of determining the facts concerning money received or spent, or liability incurred, by any treasurer, candidate or political committee. The Committee may assess a person \$5 per day for failure to file a campaign report; the person is disqualified for failure to pay the assessment.

## VI. PROHIBITIONS

### A. *The Federal Level*

#### 1. *Political Activity by Corporations and Labour Unions*

Corporations and labor unions are forbidden by federal law to make contributions in any form, including loans, or expenditures in connection with the selection of nominees or the election of candidates for federal office. National banks and federally chartered corporations are prohibited from contributing to campaigns for state and local offices as well as federal offices, but other corporations are not prevented from contributing at state and local levels unless



by state law. In contrast to much of the federal corrupt practices legislation, the federal prohibition applies not only to general elections, but also to the nomination process.

This legislation clearly applies to direct contributions to federal candidates and committees operating on their behalf. However, the law has been diluted by court decisions and other interpretations which appear to sanction deduction for tax purposes of reasonable corporate expenditures made in buying advertising in printed journals and convention and fund-raising dinner programs controlled by political parties or their auxiliary committees. The legal status of the uses of corporate advertising revenue is ambiguous in view of one section of federal law which specifically prohibits the purchase of advertising if the proceeds inure directly or indirectly to the benefit of any candidate for nomination or election to federal office; on the other hand, the courts and tax collection agencies have permitted business deduction for purchased advertising expenditures if they bear a reasonable relation to the advertiser's business activities; a standard hard to administer, and for which clear criteria must be lacking since circulation of political journals is normally limited to very few. One traditionally sanctioned use of the profits from political programs has been to help pay the costs of partisan nominating conventions. Apart from program advertising, corporations such as hotels, restaurants, and travel lines servicing the host city have for many years made direct contributions (and deducted them) to nonpartisan host committees established to guarantee bids made to bring national nominating conventions to their city; these funds are then used to help pay for the costs of holding the political convention.

Another uncertain exception to the corporate prohibition exists in the fact that broadcasting corporations make contributions (of something of value) to political activities when they provide free air time and use of facilities to candidates for political office. This exception is in effect sanctioned in federal law in the "equal opportunity" provision of the *Federal Communications Act*, yet it is not recognized in the federal prohibition of corporate contributions. Thus the federal prohibition is eroded in practice, and corporations, which are prohibited from contributing, in fact do take business deductions for purchased advertising, while individuals, who should be encouraged to contribute, cannot receive tax benefits for their political gifts. The state of law in the United States on this subject permits such anomalies.

As a result of a recommendation of the President's Commission on Campaign Costs, the Internal Revenue Service sanctioned one use of corporate funds when it made a ruling authorizing federal tax deductions for expenses incurred by a corporation or business as part of an impartial or bipartisan effort to encourage employees or the public to register, vote, and work for and contribute to the party of their choice. So far no state revenue authorities have followed suit with respect to state taxes on corporations and businesses. The broadcasting exception, as noted, can similarly be considered a nonpartisan function, since political appearances are protected by the equal opportunity provision. But clarification of the legality of certain corporate (including broadcasting) and labour practices is long overdue.

Recent court decisions have held that the federal prohibition does not cover the use of general union funds for some purposes, such as: (a) the purchase of radio and television time, even to advocate the election or defeat of particular

candidates; (b) the endorsement of particular candidates in union publications, even when extra copies are circulated to other than regular subscribers; (c) the payment of compensation to union employees and others while rendering services to political candidates. In these ways, unions can provide political assistance which candidates or committees would otherwise need to buy with campaign funds, though unions are prohibited from contributing directly to such funds. Moreover, unions can participate in registration drives and activities, using general union funds for the purpose.

Union endorsements of candidates for federal and other offices are considered an exercise of free speech guaranteed by the First Amendment to the United States Constitution. Union purchases of broadcast time from general union funds are considered a means of communicating with union members, even though the broadcasts reach the public at large, and hence are sanctioned by the courts. Registration drives are considered bipartisan even though unions normally carry on drives in carefully selected areas where expectation is high that most registrants will favour the party the union tends to favour.

In addition, of course, labour unions can organize political auxiliaries, each normally called a Committee on Political Education (COPE), to raise funds for political purposes from union members on a voluntary basis; in contrast to union dues money, the voluntary funds can be used directly for political activity, for parallel campaigning or for contributing funds to the campaigns of endorsed candidates.

There have been at least six proceedings against unions or union officials for violation of the federal prohibition since 1947, but no convictions.

It can be argued that unions may enjoy broader constitutional rights as associations of individuals than do impersonal corporate entities, but on the basis of cases decided to date there is no indication the courts would make a distinction between unions and corporations. It is unlikely that the courts will impose restrictions on corporations which are not imposed upon unions; and conversely, it is unlikely that the courts will grant privileges to unions that are denied to corporations. The consequences would be political, not legal, and should that eventuality arise, given the legislative history of present legislation, the aggrieved parties would probably be in an excellent position to secure remedial legislation in the Congress. The President's Commission recommended vigorous enforcement of the prohibition and continuation of equal legislative treatment of corporations and unions.

(a) *Violations.* Violations by corporations or labour unions are punishable by a maximum fine of \$5,000. Officials of such organizations who "consent" to a violation, and any persons who receive a prescribed contribution, are subject to imprisonment for one year and/or a fine of \$1,000 and, if the offence was "wilful," a two year prison term and/or a \$10,000 fine.

## 2. *Public Contractors*

By an independent statute, originally enacted in 1940, along with certain amendments to the *Hatch Act*, Congress broadly forbade any person, either while negotiating for, or performing, a government contract for goods or services, to make or promise to make any political contributions. This prohibition applies to contributions of money or any other thing of value to any person for any political purpose or use and whether made directly or indirectly. The solicitation of such a

contribution is likewise prohibited. Violation is punishable by a prison term of as much as five years and/or a fine of up to \$5,000.

Though this provision does not speak in terms of expenditures, the frame of reference to prohibited contributions is so broad that it must be deemed applicable to expenditures. The right of Congress to set conditions of federal employment or the grant of federal funds would seem to give Congress discretion to impose conditions on public contractors.

### *3. Identification of Campaign Literature*

Federal law prohibits the use of political literature unless it specifies the individuals and committees responsible for its publication or circulation and names the officers of any such committee. A fine of \$1,000 and/or imprisonment for one year may be imposed upon all persons who knowingly participate in, or cause publication or distribution omitting such information, or in deposit for mailing or delivery for such purposes, or its transportation in interstate commerce. Most states have similar provisions.

### *4. Purchases*

Existing federal law prohibits the purchase of any goods or advertising if the proceeds inure to the benefit of a federal candidate or political committee. This provision is designed to prevent the grossly inflated "sale" of goods for political profit. It is easily violated; it probably does not apply to purchases from political committees of any goods, advertising or articles sold by such committee on a non-profit basis, and resold by a committee not subject to federal law. The prohibition clearly applies to campaign goods but conceivably could be interpreted to apply to fund-raising dinners. The prohibition does not apply to purchases and sales transacted by a candidate in the course of his usual business, trade, or profession.

### *5. Expenditures to Influence Voting*

Federal law prohibits any person from making or offering to make an expenditure to any person, either to vote or withhold his vote, or to vote for or against any candidate. Any person who solicits, accepts or receives any such expenditure is liable to fine of not more than \$1,000 or imprisonment of not more than one year, or both. Such wilful violators can be fined not more than \$10,000 or imprisoned not more than two years, or both.

## *B. The State Level*

Thirty-two states prohibit contributions by corporations of varying kinds. Most states have flat prohibitions but Kansas limits the prohibitions to banks, trusts, railroads, and utilities; Oregon prohibits only banks, utility corporations, or a majority of their stockholders.

However, only four states (Indiana, New Hampshire, Pennsylvania, and Texas) prohibit contributions by labour unions. Nebraska prohibits contributions from a union that is incorporated.



Nineteen states prohibit or restrict the solicitation of funds from candidates by various organizations and persons. The prohibition usually refers to solicitation of candidates by religious, charitable and civic organizations, except for allowing continuation of regular contributions to organizations of which the candidate has been a member or a contributor for a stated period of time, such as six months. The purpose in the restriction is to prevent the dunning of candidates for donations to groups in the community or constituency. The prohibition prevents exposure of the candidate as fair game to any and all causes and purposes.

In eleven states, political contributions by a person in any name other than his own are declared illegal. The law in some states also includes a prohibition against making contributions to anyone other than a treasurer or political agent or candidate.

## VII. BROADCASTING REGULATIONS

### A. *The Federal Level*

Under federal law, radio and television stations allowing free or paid time to a candidate for public office must afford other candidates for the same office an equal opportunity to receive free or to buy the same amount of time. This applies to candidates of different parties for any office, federal or not, and it applies to candidates of the same party for nomination to any public office. This "equal time" provision was suspended for the period of the 1960 presidential election, but only with respect to the Presidential and Vice Presidential candidates. This permitted the Great Debates between John F. Kennedy and Richard M. Nixon and other free time volunteered by the broadcasting industry to the major party presidential and vice-presidential candidates without incurring broadcasters' obligations to give "equal time" to other than major party candidates for the same offices. Suspension was not renewed in 1964.

In 1959, certain types of news programs were exempted permanently from "equal time" provision, but broadcasters were not relieved of the obligation imposed upon them under the *Federal Communications Act* to operate in the public interest and to afford reasonable opportunity for the discussion of conflicting views on issues of public importance. Thus, appearance by a legally qualified candidate on any (1) *bona fide* newscast, (2) *bona fide* news interview, (3) *bona fide* news documentary (if his appearance is incidental to the subject covered by the news documentary), or (4) on the spot coverage of *bona fide* news events (including but not limited to political conventions and incidental activities), are not deemed to be uses of a broadcasting station within the meaning of this provision.

Stations are prohibited from censoring material broadcast by candidates for public office. The charges made for the use of any broadcasting station by candidates cannot exceed the charges made for comparable use of such station for other purposes.

The economics of private broadcasting in the United States demand that station owners choose wisely the candidates to be given free time. There are over 500,000 public offices to which candidates are elected; in many cases there are pre-nomination contests as well, and sometimes there are more than two



candidates. Broadcast time is limited, and broadcast stations reach audiences inconsistent with political jurisdictions, with the result that stations are reluctant to present political speeches when portions of the audience may be unconcerned and may turn to another station for entertainment.

To reduce candidate costs, one possibility would be to limit the amount of time available for political broadcasts, as is done in England. Given the American guarantee of free speech, which would extend to a candidate's right to purchase air time, limitations may not be feasible.

One possibility not much explored so far would be to revise the "equal time" standard to permit differential equality of access for major and minor parties and candidates. This could be accomplished by defining "major candidate" for general elections, and "leading candidate" for nomination campaigns.

### *B. The State Level*

A few states, such as Florida, prohibit payment or receipt of rates in excess of published rates for political advertising in newspapers or for broadcasts on radio or television. In some states, the prohibition applies to advertising in newspapers without also applying to radio and television broadcasts, though federal law also prohibits excessive charges for political broadcasts.

### *C. Educational Television (ETV)*

The federal "equal time" provision applies equally to ETV broadcasting facilities. However, some state-supported ETV stations are not permitted to broadcast political programs or candidates. Few state positions regarding use of ETV are positive in terms of helping to give parties and candidates access to the potential voting public.

State-sponsored programs over ETV or commercial stations could be devised as a modern, far-reaching substitute for publicity pamphlets. Wisconsin has financed by state appropriation a State Radio Council which, in close cooperation with the University of Wisconsin, operates a network of non-commercial stations reaching all corners of the state. But few states have similar programs.

When references can be found at all, state laws are varied with respect to educational television facilities which use state funds. States can be grouped into three categories. In the first group, there is no explicit provision on the contents of educational programs, and no mention whatsoever of political or partisan broadcasts. In the second group, there is specific prohibition of use of state funds to advocate or oppose candidates, parties, or proposed governmental actions (Florida and Maine). The third group forbids the use of facilities for political propaganda or campaign purposes (Kentucky), or forbids use to aid (Massachusetts) or sponsor (Oklahoma) political parties or candidates for political office. Some statutes in the latter group may be open to interpretation and may permit certain programs of a political nature. However, in these and other states, the policy of a station's board of trustees, or of the station manager, may prevent use of facilities for political purposes. Again, prohibitions are plentiful but positive usages are few indeed.

## VIII. GOVERNMENT EMPLOYEES

### *A. The Federal Level*

One broad prohibition forbids any Senator, Representative, or candidate for Congress, or any officer or employee of the United States or any department or agency thereof, or any person receiving salary or compensation for services (presumably including the President and Vice President), from directly or indirectly soliciting or receiving any assessment, subscription, or contribution for any political purpose whatever from any other such officer, employee or person.

Federal law also prohibits the following: solicitation on government premises; intimidation of government employees for giving or withholding or neglecting to make any contribution of money or other valuable thing for any political purpose; or the giving or handling, directly or indirectly, of political contributions by government employees to other government employees. Violation of any of the foregoing provisions is punishable by fine of not more than \$5,000 or imprisonment of not more than three years or both.

Federal employees in the executive branch are prohibited from using their official authority or influence for the purpose of interfering with an election or affecting the results thereof, and from taking an active part in political management or in political campaigns. Excluded from all but the first broad prohibition are the President, Vice President, Executive Office personnel, heads and assistant heads of executive departments, appointive officers, and policymaking officers.

The law in further detail prohibits the following: the intimidation or coercion of persons in federal elections by the use of official authority by administrative officers of the federal government, the District of Columbia or of federally financed projects of states and municipalities; the promising by any person of federal employment or other benefit from federal funds in return for political activities or support; the depriving of or the threat to deprive anyone of employment or other benefit derived from federal relief or work relief funds on account of race, creed, color, or political activity; the soliciting of contributions for political purposes from anyone receiving federal relief or work relief; the use by anyone of federal relief funds or public work appropriations so as to interfere with or coerce any individual in his right to vote. Violations of these prohibitions are investigated and punishable by the Civil Service Commission, but a person found guilty by the Commission may petition the district court of the United States for a review of his case.

Legislation of this type has been upheld in the courts on grounds that Congress has power to preserve the integrity and efficiency of the federal service and to set the terms on which federal funds can be expended, even if there may be in effect a curtailment of constitutional rights.

### *B. The State Level*

Nineteen states have some form of prohibition against solicitation of state employees, similar to the federal provisions. Yet making incidents in several of the states with prohibitions have occurred in recent years, and the problem of indirect if not direct pressure on government employees to contribute remains at the federal and state levels. Few states attempt to prevent voluntary contributions

made by civil servants, and in most states with prohibitions, civil servants can be solicited legally by persons outside government, while not on government premises, or so long as no coercion is involved. The problem is a knotty one of determining how law can encourage financial and other forms of political participation by public employees as citizens without compromising the necessary restraints that ensure that state employees do not engage in activities inconsistent with their official duties.

## IX. OTHER APPROACHES TO REGULATION

In the American federal-state system, in theory and often in practice, the states serve as laboratories or locales for experimentation in public policy. Problems of political finance exist in every state. Few candidates or political committees have found wholly satisfactory the present ways and means of meeting necessary political expenses. Certain state statutes can be pointed out which indicate some variety and diversity of laws with a positive flavour, laws which attempt to meet realistically current political finance problems. Few innovations have found acceptance in more than a few states.

### *A. Registration and Voting Participation*

State governments have responsibility to qualify voters who seek to register and vote. Most democracies consider registration and election-day activities a proper function of the government, but only a few American states have developed comprehensive ways to facilitate registration. Government action in this area would relieve the burden on the parties while also relieving the parties of dependence on labour organizations or other private groups which now are active in helping to achieve fuller registration.

Idaho pays deputy registrars, one in each precinct, to keep registration rolls up-to-date, and door-to-door canvassing is authorized. California authorizes the appointment of deputy registrars and door-to-door canvassing and gives a monetary bonus to registrars for each new registration. Precinct and mobile registration are provided by a few states. North Dakota and Alaska do not require prior registration, and a few other states permit registration at the polls in rural areas.

With a view to reducing campaign costs, some American states prohibit payments for services performed on the day of a primary or election on behalf of a candidate, party, or measure. However, by deferring payments until after election day, the law can be made ineffective. In any case, such laws are useless unless provision is made for the state to pay for performance of the prohibited functions, which would be a step forward in reducing financial pressures on parties and candidates.

### *B. Nominations and Campaign Length*

Two items relating to national nominating conventions are of interest. North Dakota has provided that all delegates to national conventions shall be reimbursed



from state funds for travel expenses to and from national conventions at the flat rate of \$200 per delegate. This provision helps to ensure that personal financial resources not be important prerequisites in the selection of delegates. New Jersey, for the first time in 1964 the site of a national nominating convention, appropriated from state funds the sum of \$200,000 as part of the lure promised the Democratic Party for holding its convention in Atlantic City. At the national level the major parties choose the dates of their national nominating conventions independently, usually in July and August before the Presidential election in November every four years. The length of campaigns has been shortened in some states by moving the dates of state primaries or conventions forward closer to the dates of general elections.

### *C. Publicity Pamphlets*

A number of states, mostly in the West, have adopted the practice of compiling and distributing to the electorate, mostly at stage expense, publicity pamphlets containing information on candidates and issues. Provisions for publicity pamphlets about candidates were later repealed in all but Oregon, but they continue to be used as a source of information on ballot issues in many states. Publicity pamphlets do not eliminate the need for campaign literature, but they do serve a useful function of bringing the candidates to the attention of the electorate; they constitute the equivalent of a free franking privilege in mailing of campaign literature.

One form of state aid has been in the requirement for newspaper advertising in which candidates and ballot issues or constitutional amendments were listed, to be inserted in certain newspapers at the state's expense. Some states, like New Jersey, print sample ballots and distribute them as part of the cost of conducting elections. But the value to the parties of these practices must be rated low compared with the value of publicity pamphlets.

### *D. Direct Subsidies*

Direct subsidies for purposes other than broadcasting have not received much attention at the state level. In 1909, the state legislature of Colorado passed a law under which every party would receive from state funds a sum of money for each vote received by its candidate for Governor in the previous election. The law was never operative, receiving a double death by being declared unconstitutional by the State Supreme Court in 1910, and then being repealed by the legislature.

### *E. Tax Incentives for Political Contributions*

Government aid can be direct in the form of subsidies or indirect in the form of income tax incentives. A major form of indirect assistance, in the form of limited income tax deductions for political contributions, has been enacted in the States of Minnesota, California, Missouri, and Hawaii. Tax deductions and tax



credits have been advocated and considered, but not enacted at the national level and in other states.

Minnesota pioneered the tax deduction in 1955. Deductions may be claimed in computing state personal income taxes up to \$100 from gross income for contributions made in primaries and general elections to political parties, candidates and causes. A 1957 California law authorizes deductions up to \$100 for political contributions in any primary or general election. Since 1961, Missouri has permitted deductions of up to \$50 from gross income for contributions to city, county or state political committees of any party casting votes in the preceding general election. In May, 1963, Hawaii adopted a deduction not in excess of \$100 for contributions made to a central or county committee of a political party whose candidates qualified in the previous general election. The Missouri and Hawaii laws are more limited in scope than those of Minnesota and California. All such laws are limited in the amount of monetary benefit actually available to the contributor. Whatever the limitations, tax incentives are positive ways for states to help the parties meet the costs of elections; they dignify the act of political contributing by signifying state recognition of its usefulness, as in charitable and educational giving. Numerous states have state income tax laws adaptable to this form of state aid.

### *F. Tax Deductions for Political Activities*

Minnesota followed another course to encourage political leadership in an enactment permitting candidates for specified offices, and certain party officials, to deduct from gross state income tax liability limited parts of campaign expenditures or political costs which had been personally paid out by the individual claimant. Deductions may be made as follows:

A candidate for Governor or U.S. Senator .....	\$5,000
A candidate for other state office or U.S. Representative .....	3,500
A candidate for state Senator .....	500
A candidate for state Representative .....	500
A candidate for presidential elector at large .....	500
A candidate for presidential elector from a congressional district .....	100
A candidate for any other public office .....	$\frac{1}{2}$ annual salary
A national committeeman or woman, state chairman or woman....	1,000
A congressional district committeeman or woman .....	350
A county chairman or woman .....	150

The assumption in permitting these deductions is that politics is a business for some persons and should be accorded similar, though limited, benefits that would be granted to a businessman incurring certain expenses in the course of business activities.

### *G. Endowments*

In Minnesota, one party established an endowment fund designed to build up party resources for the future. The endowment was to be used for such purposes as: the awarding of "internships" to train personnel for party work, prospective

leadership, and candidacies; the granting of "fellowships" to permit candidacies of individuals whose personal resources are limited and who could not otherwise afford to take time off from a vocation to run for office; the establishment of permanent headquarters facilities; the creation and maintenance of a political reference library for education on issues. The fund was designed to enable the party to work toward financial stability and long-term planning, but has not been adopted elsewhere.

### H. *Transition Costs*

The President's Commission recommended a limited subsidy to provide federal funds for the President-elect and Vice President-elect to cover certain expenses for Election Day until Inauguration Day. Legislation to effect this change passed both Houses of Congress and was signed into law in 1964 by President Johnson. This statute limits financial pressures upon the parties at a time following a campaign when there may already be deficits to pay off, by permitting the federal government to assume limited costs for the new President in selecting and assembling his administration and in preparing to assume responsibility for government.

Massachusetts pioneered in making possible the paying of certain legitimate expenses incurred in official duties in preparing for a newly-elected Governor to take office. In other states, outgoing Governors have been helpful to those incoming, but in most cases no law requires extending assistance. Some Governors have used their own contingency funds to help their successors.

### X. CONCLUSION

If long-standing deficiencies call for improvements, United States could well take one of several paths, or some combination of paths, to achieve change. Since the American party system is characterized by lack of effective leadership control over the process of nomination for public office, problems of political finance are compounded because they are present at both the nomination stage and the general election phase. It is generally agreed that money is more significant in the nomination process than in determining the outcome of elections.

Political parties are not mentioned in the United States Constitution or in most state constitutions. Thus the parties came to compete in the political arena without full legal or constitutional status. Campaign abuses brought legislative remedy but mostly of a negative and restrictive kind. Little thought was given to the role of the party in society, and little long-range planning went into proposed remedies. As problems occurred, efforts were made to legislate them away, but in piecemeal fashion. No comprehensive attack on problems brought about by the role and influence of money in politics occurred. The electoral process generally was not reshaped to cope with the growth of political parties, nor the expansion of the electorate, nor the high cost of campaigning.

Public concern about the practices and regulation of political finance is not often articulated. One can point to the *Report of the President's Commission on Campaign Costs* as a model, or to the Model Law of the National Municipal League, or to other models, but attempts to adapt and initiate comprehensive

model systems cannot readily be found. Florida has had some success with its disclosure and publicity law. Massachusetts is seeking improvement of its public reporting provisions. Oregon finds the publishing of publicity pamphlets useful. North Dakota has innovated in a few regards. Minnesota has pioneered the tax deduction for political contributions and for candidate expenses. But no state has attempted a major overhaul of election law including all facets of disclosure and publicity, limitations, and positive assistance to parties and candidates.

The enactment of the Florida "Who Gave It-Who Got It" law in 1951 could have been considered the beginning of a modern reform movement, if much of consequence had followed in other states. Perhaps because change elsewhere has been so pedestrian, the Florida law has received most attention. One doubts whether aspects of the Florida law are relevant without extensive change in highly populous, industrialized, two-party states, and whether the law would not be strengthened by provision for an administrative mechanism to receive, examine, tabulate, summarize, publish, and preserve the reported data, thus assuring effective publicity. Whatever the imperfections of the Florida law, however, it clearly represents a step forward in the enactment of a modern public reporting law.

Ideally, one might suggest states endeavour to correlate their reporting requirements with federal laws, so that candidates for federal office and committees supporting them need not keep two sets of books to meet two sets of filing requirements. But until federal reporting law is improved, each state has a special responsibility to ensure disclosure and publicity of political funds within its borders. Federal law relates mainly to federal candidates and interstate political committees, but candidates for federal office, even for President and Vice President, campaign within state borders. Therefore, strong state disclosure and publicity laws are beneficial beyond state limits. Moreover, states regulate conventions and primaries in which candidates for federal office, or delegates, are chosen. In so far as state laws are strong, they provide an interested citizenry with information regarding political activities of national consequence within a given state.

Exposure of political funds to public view need not entail the imposition of complicated restrictions which invite evasion and raise serious constitutional questions. An effective pattern of public reporting can promote public confidence in the party and electoral machinery and contribute toward a more informed and enlightened electorate without infringing upon guaranteed rights or impeding free participation. Legislation should seek to achieve a minimum of inhibition of political activities while shedding a maximum of light upon them, which is now not the case in the United States.

Publicity has a value quite apart from limitations on expenditures. It can help to enforce legal limitations upon amounts contributed or spent; but its power is independent and in principle, willingness to make public disclosure may well prove to be the best test of a proper maximum limit.

The purposes of publicity are informational and educational, to bring solid news and data about the operation of the American political parties and the political process. The healthy functioning of a democratic form of government rests upon public understanding and broad approval. It is axiomatic that citizens must have access to information about government in all its socio-economic implications. Ignorance and misinformation about political finance processes

hinder efforts to improve the regulatory system, particularly efforts to remove limitations or to provide more forms of direct or indirect governmental assistance to parties and candidates.

Unless new approaches to reporting governmental assistance and other related laws are found, public officials will continue to be subjected to pressures from special interests, from lobbyists, from large contributors. In American society, such pressures manifest themselves frequently; large contributions tend to reinforce special interest representations, a combination which public officials often find compelling.

The restrictive and inadequate character of most legislation, combined with the lack of enforcement, has done little to raise the standards of American political life, and in fact, may contribute heavily to widespread cynicism toward American politics. The citizens' image of political money as something to be restricted, rather than as an act of political participation to be encouraged, tends to inhibit favourable responses to broadly based political fund appeals.

The lack of enforcement, combined with public indifference, has another effect: there are few legal cases, other than those dealing with the prohibition of labour union activity, dealing with political finance. The challenge to improve the quality of American political life rests ultimately with the people, but the governmental and party leaderships, and the courts, must share responsibility for manifest failures to date.





# 4

## ALTERNATIVE METHODS OF PARTY FINANCE

### I. INTRODUCTION

The problem of raising money for campaign and other expenses is one faced by all political parties. At present, the two major political parties in Canada raise the great bulk of the funds required at the national level from a few donors who make very large contributions. During the 1957 federal election campaign, for example, it has been reported that the national Liberal Party raised about \$7.5 million from 200-300 contributors. Most of these funds were raised in Ontario. One student of Canadian party finances has estimated that 90% of the revenue of the two major parties comes from the business community either from corporations or from persons identified with particular corporations.<sup>1</sup> Information on the 1965 campaign indicates that the same general situation still prevails. These donations are supplemented to some extent by special fund-raising activities such as political dinners (where programs containing paid advertisements may be sold), or the sale of party trinkets. Such supplementary sources do little to diminish the importance of large donations.

At the constituency level, candidates of the Liberal and Conservative Parties raise some money locally (the pattern varies from one constituency to another) but are dependent to a considerable degree upon transfers from the national party organization. It has been estimated that the national Liberal and Conservative campaign committees allocate at least 30%-40% of their total outlay to grants to constituencies.<sup>2</sup>

The New Democratic Party raises significant amounts of money locally. The local organizations send some of their funds to the provincial organizations which, in turn, send contributions to the national party. The national party, however, also

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<sup>1</sup> Harrill, Ernest Eugene, *The Structure of Organization and Power in Canadian Political Parties: A Study in Party Financing*, Chapel Hill, University of North Carolina, 1958, Unpublished Ph.D. dissertation (mimeographed) pp. 251-252.

<sup>2</sup> *Ibid.*, p. 203. Other estimates are less than Harrill's 40%.

receives substantial contributions from national labour organizations.<sup>3</sup> The money received from these sources has in recent years taken on increasing importance in the party's budget.<sup>4</sup>

What little is known about Social Credit fund raising indicates that considerable reliance is placed upon local sources, which are supplemented by business donations in the areas of Social Credit strength (British Columbia and Alberta).<sup>5</sup> The national Social Credit Party, in 1946-47 at least, seems to have drawn its campaign funds from provincial Social Credit leagues, particularly the Alberta league.<sup>6</sup>

For no Canadian party are financial problems solved. Dependence upon a few large donations may leave a party vulnerable to policy pressures from the donors. Alexander's summation of the American situation could well be applied to that of the Liberals and Conservatives in Canada.

The public is quickly aroused when "fat cats" or special interests are exposed for having undue influence in government decision-making, yet only a small proportion of the electorate support their parties and candidates with even modest contributions.<sup>7</sup>

For all parties there is the problem of obtaining enough funds from any source to finance election campaigns and between-election expenses.

The existence and persistence of these problems in Canadian politics make it important to study alternative means to raise money for political purposes. In this study, the techniques used in some other countries and the suggestions made by students of political finance will be examined in relation to the Canadian situation. The scope of alternatives ranges from piecemeal steps which could be taken to improve fund collection within the existing framework, to overall changes of the system itself: a change to complete state subsidization, for example.

## II. PUBLIC SUBSIDIES

Any form of public subsidy of political parties is, in effect, an attempt to transfer resources from the public at large to the parties, using the state's channels of taxation. The government's vast network of established contacts with money earners and its power of compulsion make it an effective agency for the collection of funds. But although collection through tax channels may be efficient, several problems arise in the allocation of funds by the state, whether in the form of grants in kind, indirect money grants, or direct money grants.

### A. *Subsidies in Kind*

Subsidies in kind are used in several countries; in these nations goods and services rather than cash subsidies are granted by the state to political parties.

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<sup>3</sup> *Ibid.*, p. 253; Meisel, John, *The Canadian General Election of 1957*, University of Toronto Press, Toronto 1962, p. 216.

<sup>4</sup> See study No. 6 "The Patterns of Canadian Party Finance" in Part II of this Report.

<sup>5</sup> Harrill, *op. cit.*, pp. 248-249.

<sup>6</sup> Stein, Michael, "The Finances of the Ralliement des Cr ditistes", an unpublished paper prepared for use of the Committee on Election Expenses.

<sup>7</sup> Alexander, Herbert E., *Financing the 1960 Election*, Citizens' Research Foundation Study, No. 5, Princeton, N.J. 1962, p. 92.

## 1. Provision of Broadcasting Facilities

The granting of free broadcasting time on radio or television is a commonly used subsidy in kind. A detailed study of current practices with regard to such grants has been made elsewhere.<sup>8</sup> In the countries where grants of free time have been made (Canada, Great Britain, Norway, Sweden, Germany, Israel are a few) common problems have merged. The greatest, of course, is the problem of apportioning time. If parties were to receive equal amounts of time, the formation of splinter groups might be encouraged. If, on the other hand, parties received grants in proportion to the strength they had shown at the last polling day, the system would be biased in favour of the *status quo*.

## 2. Provision of Other Services

Subsidies in kind have also been used in a variety of fields other than broadcasting. States have been known to distribute campaign booklets or circulars (as in France, several American states, Japan); to allow candidates free mailings (United Kingdom, France, some American states); to donate free transportation (Japan); and to allow the use of public buildings for political meetings free of charge (United Kingdom, France).<sup>9</sup>

There is considerable disagreement among the American states which have tried them about the value of publicity pamphlets and state-sponsored advertising. The purpose, of course, is to provide basic information about candidates and issues. Pamphlets may contain the names, addresses, occupations and party affiliations of candidates, perhaps pictures of each candidate, and one or two arguments about the basic campaign issues. They may be mailed to all registered voters, or simply made available on request. Several states have abandoned the pamphlets because of the expense involved, and doubts as to their utility.

State-supported advertising may be either neutral or party sponsored. The neutral newspaper advertisements, tried in some states, have been found to be "dry" and unappealing and thus ineffective as a means of publicity. On the other hand, when "interested parties" are permitted to state their own cases in state-supported pamphlets or advertisements, it is difficult to be sure that the state's expenditures are being made impartially. O. Charles Press, after studying the situation, concluded that the best system would be to allow parties to create their own advertisements (thus ensuring that they would be likely to attract public attention), but to demand that state sponsorship be matched by partial payment by the parties. The latter provision, it was hoped, would reduce the tendency of state aid to encourage the splintering of parties.<sup>10</sup>

The obvious criticism of subsidies in kind was made by the United States President's Committee on Campaign Costs. Nearly all the systems described above entail tremendously complicated and detailed regulation. The Commission declared that, because of the cumbersome administration, to give direct money

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<sup>8</sup> For full details see study No. 10 "Political Broadcasting in Canada" in Part II of this Report.

<sup>9</sup> Some American states provided a mailing subsidy in connection with the distribution of publicity pamphlets.

<sup>10</sup> For a full discussion and evolution of these pamphlets, see Press, O. Charles, "Newspaper Advertising and Publicity Pamphlets," North Dakota Institute of Regional Studies, *Social Science Report* No. 2, 1955 (19 p., mimeographed) Fargo, N.D.



grants for specific purposes would be more efficient than to extend franking privileges to candidates, grant printing services, etc.<sup>11</sup>

A point in favour of grants in kind is that they leave little room for misuse on the part of the recipients.

## B. Tax Benefits

Tax incentives (which are, in effect, indirect money subsidies to parties) have been the object of much discussion, especially in Germany where they were written into an amendment to the *Income Tax Act* in 1954 and in the United States where the President's Commission on Campaign Costs recommended a combined tax credit and deduction plan.

Alexander analyzed the objectives of such schemes as follows:

Two key arguments favor the adoption of a tax benefit as a stimulant to political contributions. First, it is argued that it would provide the incentive of actual monetary benefit to contributors; second, that there is a certain psychological persuasiveness in the idea of tax exemption which in effect signifies official government encouragement of the gift that is being solicited.<sup>12</sup>

The hope, of course, is that tax benefits will not merely stimulate contributions but also "broaden the base" of political finance by encouraging more small donations.

### 1. Tax Deductions

Tax benefits can take the form either of a tax deduction or of a tax credit, or of some combination of the two. It is relevant to note that in Germany in 1958 the tax deduction encountered judicial objection; the German Federal Constitutional Court declared that because the income tax was progressive, the deduction provided greater inducement to persons with high incomes than to those with low incomes.

Since, with contributions to political parties, the recipient of a high income saves an amount of taxes both absolutely and relatively greater than a recipient of a smaller income, the political opinion of the former is, so to speak, given a premium.<sup>13</sup>

The deduction therefore favoured those political parties which appealed to the wealthier classes, and thus tended to "accentuate an already existing real inequality in the competitive opportunities of parties."<sup>14</sup> The Court therefore declared the amendment authorizing the deduction to be contrary to the provisions of the German constitution.

Alexander agreed with the Constitutional Court that under a progressive income tax structure the impact of a tax deduction would be inequitable. He

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<sup>11</sup> *Financing Presidential Campaigns*, Report of the President's Commission on Campaign Costs, Washington, April 1962, p. 34.

<sup>12</sup> Alexander, Herbert E., *Tax Incentives for Political Contributions?* Citizens' Research Foundation Study No. 3, Princeton, N.J., 1961, p. 11. (Hereafter, referred to as *Tax Incentives*.)

<sup>13</sup> "Equality of Opportunity for Political Parties: Decision of the Federal Constitutional Court (1958)," BVerfGE VIII, 51ff; 1958, see *Source Materials on the Government and Politics of Germany*, Lane, John C. and James K. Pollock, Wahrs Publishing Co., Ann Arbor, Michigan, 1964, p. 233.

<sup>14</sup> *Ibid*, p. 232.

argued further that such an incentive would not be likely to effect the desired increase in political donations.

Most small contributors could not avail themselves of the deduction, and its incentive power would be mainly for those, mostly in the middle and higher income brackets, who itemize their expenses. Moreover, the benefit of the deduction would come as a windfall to those large contributors in high income brackets who would give in any event.<sup>15</sup>

To support this contention Alexander cited the findings of a study made a year after the deduction was introduced in Germany which indicated that there had been no significant increase in contributions.<sup>16</sup>

## 2. Tax Credits

A system of tax credits, on the other hand, avoids the problem of equity. Each taxpayer simply allocates part of his assessed income tax to the support of a political party. The problems involved in this type of tax benefit differ from those connected with deductions; most are of a technical rather than a political or ideological nature. One great overall problem is that a too-successful tax credit system might result in a large revenue loss to the state. Another is an administrative complication that making political donations eligible for a credit rather than a deduction, would require separate categorization on income tax returns.

To overcome the possibility of a great financial drain on the state, two solutions have been suggested: the setting of a maximum (say \$10) allowable tax credit; and the requirement that the taxpayer pay half of his donation. A taxpayer making a \$10 donation would therefore be able to claim only a \$5 tax credit.<sup>17</sup>

Other difficulties connected with tax credits are related to the necessity of verifying the donation, the need to preserve the donor's anonymity, and the problem of deciding what recipients are eligible. Elaborate techniques have also to be worked out to prevent the system from being converted to a method of "buying votes." Alexander has studied the merits and drawbacks of several techniques intended to solve these difficulties.<sup>18</sup>

(a) *Receipt Plan*: A simple written receipt, to be issued by the solicitor of funds in 3 copies (one for the donor to keep, one for him to send in with his tax return, and one for the solicitor) has the advantages of simplicity, of allowing contribution at the time of door-to-door solicitation, and of allowing contributions to be made at any time. However, it has some drawbacks. It is open to abuse by solicitors, who could "buy votes" for their parties by issuing receipts to persons who had not actually given donations, thus making them eligible for tax credits; no cost would be involved for the parties. Similarly, a party solicitor receiving a large donation could issue a receipt to the donor for the maximum credit and issue receipts to other voters for the rest of the amount, thus making others eligible for the tax credit. The receipt plan also fails to preserve the anonymity of the donor (unless the copy of the receipt retained for tax purposes were to omit the name of the recipient.)

<sup>15</sup> Alexander, *Tax Incentives*, p. 18.

<sup>16</sup> Heidenheimer, Arnold J., "German Party Finance: The CDU," *American Political Science Review*, LI June, 1957, 381-382.

<sup>17</sup> See Alexander, *Tax Incentives*, pp. 19-20.

<sup>18</sup> *Ibid.*, pp. 37-45, and 52-60.

(b) *Stamp Plans and Postal Money Order Plans*: Another technique suggested by Alexander is to use three-part stamps or postal money orders of office, bank, or other established outlet, or obtain them through his employer on a varying money values. The prospective donor would purchase these at a post payroll deduction plan. He would keep one portion, attach the second to the tax return, and send the third to the party or candidate of his choice. The beneficiary would then exchange the stamps for money. Since the number of stamps could be controlled, the total "drain" of tax revenues could also be controlled.

However, the difficulties with a stamp plan are many. Contribution at the time of door-to-door solicitation is not possible. Unless the payroll deduction is used the prospective contributor must be persuaded to go to the post office. If the parties themselves are authorized to sell stamps "discount" sales may occur. (The parties could sell the stamps for less than the full face value, thus covering their costs and also allowing the buyer the full credit). Unless the sale of stamps to one donor is limited to twice the amount of the tax credit, the extra tax-return portions may be distributed as receipts to bribe non-contributors. Also, the offices designated for conversion may not be open when parties need money (on week-ends for example).

(c) *Application Plans*: Alexander concludes his discussion of techniques with two suggestions. One is that the postal order be used, modified to allow contributions to be made at the time of solicitation. In this system the solicitor would carry official application forms for postal orders. The contributor would pay his contribution to the solicitor and receive a carbon copy of the application form signed by him and by the solicitor. The solicitor would then purchase the money order, returning one copy to the donor for tax purposes. The other alternative is that the donor sign an application form for an official receipt, which he himself would claim at a post office after signing a statement that he had made the full contribution.

There remain significant difficulties with both these plans. Both leave room for fraud. A candidate or party official could forward, say, \$10 to a prospective donor. The donor would then give the \$10 to the solicitor, and sign an application form for a stamp or official receipt. The solicitor would then purchase the official receipt from the authorized outlet, and give the copy to the donor. Thus the party could make the donor eligible for a tax credit at no cost to either the donor or the party. The money order application form involves much work for the post office and for solicitors, many of whom are already reluctant volunteers. The second plan involves "red tape" for the contributor.

(d) *Tax Refund Cheque Plan*: An interesting suggestion has been made by another writer in the United States.<sup>19</sup> A person wishing to give \$20 and claim the 50% tax credit would add \$20 to his tax bill, then claim his \$10 credit, thus "overpaying" his taxes by \$10. He would then receive a special political refund cheque for \$20. Since this cheque would be made out to a political party or its finance committee (the contributor would fill in the name of the specific party on receipt of the cheque), it could not be converted to anyone else's use. This system would be for both contributor and recipient.

However, it is open to fraudulent use. Any candidate or party worker could easily double his money by "investment" in taxpayers. The party could give the

<sup>19</sup> Brink, Dan, "A Tax Refund Check for Political Contributions," in Herbert E. Alexander ed., *Money for Politics: A Miscellany of Ideas*, Citizens' Research Foundation, Study No. 6, Princeton, N.J., 1963, pp. 38-40 (Hereafter referred to as *A Miscellany of Ideas*.)



taxpayer \$10 (the extra tax payment necessary to make a \$20 contribution) then receive the \$20 refund cheque. (The taxpayer would, of course, have to be very dependable). There is no possibility of "vote-buying" under this system.

(e) *Problems*: None of these plans solve the problem of deciding which party organizations should be eligible to receive tax-favoured donations. For deciding among candidates, Alexander suggests that there be a votes-received qualification.<sup>20</sup> The decision as to the eligibility of different levels of the party structure is also of great importance. If candidates only are eligible, an increased flow of funds directly to the candidate level may have a decentralizing effect on the party power structure. If the national party organizations alone are eligible, the centralizing forces will be greatly strengthened. If candidates and national organizations and all levels between are declared eligible, verification will become extremely difficult.

Eligibility has a time-dimension as well. It has to be decided when a candidate officially becomes one and when he officially ceases to be one for the purposes of the tax credit. If donations are to be eligible for tax credit on an annual basis, there will be an advantage to the incumbent (at the candidate level), since the opposing candidates may not be known until shortly before the election.

### 3. Combined System: Choice of Credit or Deduction

The President's Commission on Campaign Costs recommended that contributors to political parties be allowed either a 50% tax credit (to a maximum credit per year of \$10) *or* a tax deduction of the full amount of the gift up to \$1000 per return per year.<sup>21</sup> The means chosen by the Commission to verify gifts for tax credit was to require that donations be made either through the purchase of special postal money orders or the use of postal order applications. This plan was to cover gifts (in all years) made to specified political committees (one national, plus one per state for each party).

Alexander, however, objected to the combined plan.

The combined credit and deduction plan offers a few advantages that neither the credit nor deduction affords singly; however, it also affords the disadvantages of each plan while increasing the administrative problems.<sup>22</sup>

The plan was never put into effect.

No tax benefit to contributors, however, removes the main obstacle to collecting small donations: the lack of solicitors. Alexander himself admits:

The tax benefit program cannot be self-executing. Funds cannot be raised without effort. Broadly-based solicitations, accompanied by a nationwide advertising campaign designed to create a favorable climate, are pre-requisites to a successful tax program.<sup>23</sup>

It could be argued that in Canada where indications are that no such "broadly based solicitations" have ever been tried,<sup>24</sup> these in themselves could considerably broaden the base of political giving.

<sup>20</sup> Alexander, *Tax Incentives*, p. 47.

<sup>21</sup> *Financing Presidential Campaigns*, pp. 13-16.

<sup>22</sup> Alexander, *Tax Incentives*, p. 21.

<sup>23</sup> *Ibid.*, pp. 61-62.

<sup>24</sup> The National Liberal Federation established a system of associate memberships at \$1 per year in the thirties. This system vanished, however, during the Second World War. See also Section IV. C. 1. (a) in this Study "Membership Dues and Subscriptions."



#### 4. Tax Deduction for Candidates' Expenses

Another tax benefit idea which has been suggested is to allow candidates to write off their personal expenditures on their campaigns as business expenses. The President's Commission on Campaign Costs argued that this device would favour wealthy candidates more than poor ones.<sup>25</sup> With a progressive income tax structure this is undoubtedly true. However, it is debatable whether the present system, giving no encouragement to poorer candidates, is any more equitable. After all, \$2000 spent by a candidate of moderate income is much more important to him than the same amount spent by a candidate with a high income, so that a certain inequity already exists. If it can be assumed that there is a certain minimum that must be spent by any serious candidate, perhaps that amount could be made deductible, provided a certain minimum vote was received.

#### C. Direct Money Subsidies

Direct money subsidies can be either for specific purposes (as in Norway and France)<sup>26</sup> or for general purposes (as in Germany, Sweden, Quebec, Puerto Rico, Uruguay and Costa Rica).<sup>27</sup> This is perhaps the most controversial form of state aid, possibly because it is overt. In Canada, however, the state already pays for many expenses involved in campaigning: for example, the preparation of electoral lists and the printing of ballots. Intentionally or not, the state grants tax deductions for political donations.<sup>28</sup> As Jasper B. Shannon has written with reference to proposals for tax benefits in the United States:

Of course, there is the objection that this would constitute the use of public funds for political purposes. It is self-delusion to think that this is not the case now. Certainly the method outlined here is only to do directly and overtly what is now done indirectly and covertly. A good case can be made for the proposition that the sums spent in this manner would represent a very great reduction in the cost under the present arrangement to taxpayers and consumers.<sup>29</sup>

A British writer, however, takes an opposing point of view.

A ... reason for skepticism about political subsidies is that the parties themselves are not realizing anything near their true potential. If British parties are more or less poor, this is not something inherent in the structure of British society. It lies in the persistent belief that politics can be had on the cheap coupled with the absence of any tradition of democratized

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<sup>25</sup> *Financing Presidential Campaigns*, p. 34.

<sup>26</sup> Heidenheimer, Arnold, J. *Campaign Finance Outside the United States*, Survey presented to the President's Commission on Campaign Costs, January, 1962, (mimeographed), pp. 27-32. In Norway the state pays the expenses of nominating conventions, if specified procedures are followed. In France parties are reimbursed for part of the cost of posters and candidates are reimbursed for part of expenditures on gas. In Uruguay, grants are made for ballots and leaflets.

<sup>27</sup> For a full discussion of the subsidy systems of these jurisdictions, (except Uruguay and Costa Rica), see study No. 5 "Public Subsidization of Political Parties and Candidates" in Part II of this Report.

<sup>28</sup> Several independent sources have indicated that companies buy advertising space for political parties, or place advertisements in party publications (e.g. convention booklets) thus turning what is in fact a political donation into an "advertising expense," and hence tax deductible. There is no record of Tax Appeal Board cases attempting to distinguish between political gifts and business expenses.

<sup>29</sup> Shannon, Jasper B., *Money and Politics*, New York, Random House, 1959, p. 96.

responsibility for the parties' financial health . . . . It is scarcely the task of the state to insulate political parties against the tightfistedness of their own members.<sup>30</sup>

The major problem associated with this source of income for political parties is the problem of distribution, both among parties and within parties. The two basic types of techniques for allocating funds among parties could be called "subjective" where the taxpayer indicates, in some way, his preference for some party or candidate, or "objective" where the subsidies are apportioned according to some standard such as number of seats held or number of votes received at the last election, or number of voters in the constituency.

## 1. "Subjective" Modes of Allocation Among Parties: Grants and Subventions

(a) *Tax "Earmarking"*: Within the category of subjective modes of allocation, several specific techniques are possible. A special tax could be levied for political subsidies, and this set portion of a taxpayer's tax, say  $\frac{1}{2}\%$ , could be earmarked by the taxpayer for a certain political organization. This method has been advocated by Shannon<sup>31</sup> and by Brink, who has also suggested a way to preserve the taxpayer's anonymity.<sup>32</sup>

(b) *"Matching"*: Alexander's "matching" plan is also designed to make government subsidies correspond to citizens' preferences.<sup>33</sup> He suggests that the state match every small donation, up to say \$10, deposited in a special party account. The state treasury would pay bills for specified purposes up to twice the amount deposited from these small donations. This plan is intended to stimulate solicitations just as tax credits are intended to stimulate contributions. It also has a built-in control over the use of the funds.

There would, of course, be room for fraud. A party could simply deposit a large donation in several small instalments, thus gaining double the original amount, unless adequate checks were made. Since the intention is to get many small donations, the administrative difficulty of making such checks could be great, and it would likely be impossible to check adequately without compromising the anonymity of the donors.<sup>34</sup>

With the matching plan as with some of the "objective" standard plans, there is the problem of defining eligibility. If the matching were done through special accounts as suggested, with government cheques being authorized for specific bills, there would be little trouble with misappropriation of funds. But the question still remains of what constitutes an eligible political organization: when does a small splinter group become a "political party"?

## 2. "Objective" Modes of Allocation Among Parties: Grants and Subventions

(a) *According to Seats Held or Votes Received*: The "objective" standard of the number of seats held in the previous election solves the problem of defining eligibility of parties. But it does bias the system in favour of established parties at the expense of new ones. Allocating grants according to votes received rather than seats won lends a little more flexibility.

<sup>30</sup> Harrison, Martin, "Britain," in Richard Rose and Arnold J. Heidenheimer ed. "Comparative Political Finance," reprinted from the *Journal of Politics* Vol. 25, No. 3, August 1963, p. 683.

<sup>31</sup> Shannon, *op. cit.*, p. 93.

<sup>32</sup> Brink, Dan, "A Tax Assignment—Subsidy Plan", *A Miscellany of Ideas*, pp. 42-44.

<sup>33</sup> Alexander, Herbert, E., "A Matching Incentive Plan," in *A Miscellany of Ideas*, pp. 40-41.

<sup>34</sup> The matching plan was also suggested, in case its original proposals did not succeed, by the President's Commission on Campaign Costs, *Financing Presidential Campaigns*, p. 7.

If, however, grants are given to candidates, too, the question of eligibility again arises, and again some balance has to be struck between consolidating the *status quo*, and encouraging the splintering of parties.

(b) *Reimbursement*: One solution is to make the subsidies as reimbursements after the election, the reimbursements being contingent on the candidate's receiving a certain percentage of the popular vote. This system would also serve to encourage reporting of expenditures. The candidate would still be left with the problem of obtaining loans or other funds prior to the election to finance his immediate needs.

(c) *Fixed Ratio Major: Minor Parties*: A former Director of Research for the Democratic National Committee in the United States suggests that the Republican and Democratic National Committees each receive the same amount: a sum equal to 10 cents per vote cast in the preceding election and that  $\frac{1}{4}$  of that amount be granted to minor parties (those having received 5% of the popular vote or able to present a petition signed by a number equivalent to one percent of the votes cast in the previous election).<sup>85</sup>

This system, while perhaps adequate for minor parties in the United States, would likely be unsuitable without adaptation in Canada, where minor parties are stronger and longer established.

### 3. Allocation Within the Party

A more delicate problem is the allocation of direct subsidies within the political parties. The impact of these subventions on a party's structure would depend upon the existing patterns of fund raising and distribution within the party. If subsidies were given directly to the national organizations, it would probably have little effect on the structures of the Liberal and Conservative Parties in Canada; but if subsidies covered a significant proportion of total costs it might significantly alter the structure of the New Democratic Party to have the funds go directly to the national party. On the other hand, sizeable grants to Liberal or Conservative candidates might have a decentralizing effect on the power structure of those parties.

## III. INDIRECT DONATIONS

Classified as "indirect donations" for the purpose of this paper are any expenditures on goods and services which are produced or sold by political parties, from which the profits accrue to the parties. This includes anything from the purchase of party newspapers to participation in party-run lotteries. This section will first describe a few of the types of indirect donations made in several countries. It will then consider some suggestions made by various authors.

### A. Party Businesses

#### 1. Current Practices

Many political parties, especially on the European continent, are actively engaged in business enterprises. Some own companies and some operate these enterprises themselves.

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<sup>85</sup> Stern, Philip M. "A Program of Federal Contributions to Political Campaigns," in *A Miscellany of Ideas*, p. 45.



(a) *Sponsorship of Gambling*: In the United Kingdom, the Labour and Conservative Parties organize lotteries: the Conservatives, bingo games; Labour, football pools. In one game, "where there is good organization or large-scale local industry many parties make profits of £ 500 - £ 1000." It has been estimated that out of the annual total of £ 600,000 - £ 750,000 raised by Labour's constituency parties, £ 300,000 - £ 450,000 came from lotteries (compared to an estimated £ 125,000 from members' dues and gifts.)<sup>36</sup> This type of fund raising is possible because the *Betting and Small Lotteries Act* makes lotteries legal. Lotteries are also a source of revenue for the Norwegian Labour Party,<sup>37</sup> for all Swedish parties except the Communists, and for several Finnish parties.<sup>38</sup>

(b) *Publications*: The Conservative Party in the United Kingdom also raises funds from constituency yearbooks which contain paid advertisements; these may make as much as £ 500 - £ 700 profit.<sup>39</sup> In West Germany both the SPD and the CDU own newspapers and printing plants. The CDU and the FDP both issue economic information bulletins, which are sold at a profit. (The CDU bulletin sells for 50 DM per issue).<sup>40</sup> Although most of the parties in Italy own newspapers, these appear to be a financial drain for them rather than a source of revenue.<sup>41</sup>

In the United States, as well, parties have raised money from publications. The Democrats were the first to try selling high-priced advertisements when, in 1964, they sold advertising space in their national convention program at \$15,000 per page. When this brought the Democrats a \$1.5 million profit on convention operations, the Republicans tried a similar idea. In the latter part of 1964 they published an 80 page magazine in which advertisements sold at \$10,000 a page. In 1965 the Democrats put out the magazine *Toward an Age of Greatness* which contained articles by prominent Democrats and \$15,000-a-page advertisements. Copies of this magazine were distributed at a series of Democrat-sponsored movie premières.<sup>42</sup> However, there has been much public protest in the United States about the parties raising money in this way. It has been argued that, in buying such expensive advertising space, corporations were in fact making contributions to the political parties in contravention of a statutory prohibition. In response to such protests, the Democrats, in 1966, decided to donate the \$600,000 profits from *Toward an Age of Greatness* to a nonpartisan foundation.<sup>43</sup>

In France, too, parties tend to own their own newspapers, gaining some revenue from subscriptions. The Norwegian Labour Party together with the trade unions own *The Press-Arbeiderbladet*, and some of its local organizations own weeklies and semi-weeklies.<sup>44</sup>

The Canadian Liberal Party now publishes a magazine, *The Journal of Liberal Thought*. The party hopes that this magazine which will appear twice a year will be at least self-sustaining. The *Journal* will contain no advertising but an

<sup>36</sup> Harrison, "Britain," in "Comparative Political Finance," p. 675; see also pp. 669 and 674.

<sup>37</sup> Shannon, *op. cit.*, p. 71.

<sup>38</sup> Pesonnen, Pertti, *et al.*, "A Proposal to Study Party Finance in Finland," Unpublished paper prepared for the Airlie Conference on Political Finance, August, 1965, p. 5.

<sup>39</sup> Harrison, "Britain" in "Comparative Political Finance," p. 669.

<sup>40</sup> Duebber, Ulrich and Gerard Braunthal, "West Germany," in "Comparative Political Finance", pp. 779-780.

<sup>41</sup> Passigli, Stefano, "Italy" in "Comparative Political Finance", pp. 722, 724, 726.

<sup>42</sup> Peirce, Neal R., "Financing Our Parties", *The Reporter*, Feb. 10, 1966, p. 33.

<sup>43</sup> *New York Times*, Sunday March 6, 1966, section 1, p. 48.

<sup>44</sup> Shannon, *op. cit.*, pp. 69-70.



envelope will be enclosed with a request for funds. The Liberal Party is also planning to issue a convention brochure at the next national convention. Party officials hope that revenues from the sale of advertising space in this brochure will make it a profit-making publication.

(c) *Sponsorship of Recreational and Social Activities*: Italian political parties engage in a very wide range of nonpolitical activities. "The parties attempt to encompass a great share of their members' social life in party-linked organization."<sup>45</sup> In rural areas and small villages the local party often becomes the centre for recreational and social activities. This sometimes brings in enough revenue to pay the ongoing expenses of the party. Parties in Finland arrange dances and recreational meetings in their meeting halls.<sup>46</sup>

(d) *Other Commercial Activities*: The Italian Communist Party engages in commercial activities besides these social and recreational activities. It runs a chain of stores (which usually operates at a loss); it also runs a garment concern (Vitadello) which has many retail outlets.<sup>47</sup> The German CDU operates an advertising firm which is used for the party during campaigns and operates as a commercial venture at other times.<sup>48</sup> This is going a step further than Canadian parties which simply hire private firms. Swedish parties sell party emblems and badges and some Finnish parties run travel agencies and rent flats and offices.

The country with the most striking range of parties' nonpolitical activities is Israel.

All parties own their daily (morning) newspapers.... A few parties... have their own publishing firms, which not only publish political tracts but also novels and scientific books. Sport clubs and teams are largely based on party affiliation.... There exists party-owned banks... and party-linked housing projects and cooperatives. There are sick funds, that is health services of various kinds, including hospitals actually belonging to and operated by a party, or by a trade union organization which is part of a party....<sup>49</sup>

Inasmuch as a goodly number of these institutions are not economically sound or solvent, campaign contributions cannot be expected from all of them.<sup>50</sup>

Nevertheless "substantial portions" of the funds used to finance campaigns come from these commercial enterprises.<sup>51</sup>

## 2. Suggestions

(a) *Civil Knowledge Contests*: Heidenheimer and Morgan have each suggested enterprises to sustain political parties on a relatively continuous basis.<sup>52</sup> Heidenheimer's suggestion really involves more than simply a party enterprise. He favours weekly crossword-puzzle or questionnaire contests based upon historical, economic, social and political knowledge. But the contests would be devised by

<sup>45</sup> Passigli, "Italy", in "Comparative Political Finance," p. 719.

<sup>46</sup> Pesonnen *et al.*, *op. cit.* p. 5.

<sup>47</sup> Passigli, "Italy," p. 729.

<sup>48</sup> Duebber and Braunthal, "West Germany," "Comparative Political Finance," p. 780.

<sup>49</sup> Gutmann, Emanuel, "Israel," in "Comparative Political Finance," pp. 706-7.

<sup>50</sup> *Ibid.*, p. 710. For a detailed account of the finances of one party in Israel, see Paltiel, K.Z., *The Progressive Party: A Study of a Small Party in Israel*, unpublished Ph.D. dissertation, Hebrew University of Jerusalem, June 1964, (typescript) pp. 261-280. Chapter XIV of this dissertation discusses the varied activities of this party, pp. 224-242.

<sup>51</sup> Gutmann, "Israel" p. 710.

<sup>52</sup> Heidenheimer, Arnold J., "Popular Party Finance Through Informed Citizen Contests" and Morgan, Richard F., "Sports and Politics," *A Miscellany of Ideas*, pp. 23-27.

a group of experts under a government Board. These contests would be published in weekend newspaper supplements, and an entry fee would be charged. The profits from the contests would go into a fund to be allocated among the parties.<sup>53</sup>

(b) *Bowling Leagues*: Morgan's idea is more similar to the party enterprises already in practice in Italy and Israel. He suggests party-sponsored bowling leagues, with entry fees going to the political parties.<sup>54</sup> Although he tends to overestimate the possible benefits of such a program ("it might change the popular image of politics . . . might attract young people to a better understanding of the great operation that makes American government work as well as it does")<sup>55</sup> it could provide some supplementary income to political parties.

## B. *Special Activities*

As was the case for party businesses, a study of the special activities of parties in several countries shows up several new possibilities for fund raising, some of which may be applicable to Canada.

### 1. *Practices in the United States*

(a) *Fund-Raising Dinners*: One of the most common of these activities in the United States is the fund-raising dinner. Alexander noted 213 fund-raising functions in the 1960 campaign (breakfasts, dinners, etc.), 142 being given by the Republicans and 71 by the Democratic Party. The Democrats' national dinners brought in gross receipts of \$1,140,000.<sup>56</sup> In 1962, his study of three newspapers' reports revealed 119 fund-raising meals, 63 Democratic and 56 Republican. Closed circuit television was used to draw in more ticket buyers.<sup>57</sup> All the tickets available for a \$1,000-a-plate dinner for Goldwater in 1963 were sold by the Republican Party "providing enough funds to run the Senate GOP campaign group through 1964 and still leave a sizeable chunk for the House committee."<sup>58</sup> The success of such events depends to a considerable degree on the personal "drawing power" of the party leaders. Alexander describes both President Kennedy and President Eisenhower as "fund-raising attractions." In this respect, incumbency provides a distinct advantage. A striking example of this fact is provided in the series of dinners, at \$100 a plate, held to honour Eisenhower in 1965.

The presidential name that in 1956 had drawn \$4 million in a similar affair—half of which went to the national committee—last year netted little more than \$200,000.<sup>59</sup>

Their success also depends, however, on the extent to which people can be pressured to attend, pressured by party workers or by the fact that attendance is a status symbol.

<sup>53</sup> *Ibid.*, p. 23.

<sup>54</sup> *Ibid.*, p. 26.

<sup>55</sup> *Ibid.*, p. 27.

<sup>56</sup> Alexander, *Financing the 1960 Election*, p. 56.

<sup>57</sup> Alexander, Herbert E., *Responsibility in Party Finance*, Citizens' Research Foundation Study No. 7, Princeton, 1963 p. 14.

<sup>58</sup> Pincus, Walter, "The Fight over Money," *Atlantic*, April 1966, p. 72.

<sup>59</sup> *Ibid.*, p. 74.

[Fund-raising meals] sometimes seem to be a means of dunning businessmen, sympathizers, officeholders, and favor-seekers who are often reluctant to refuse invitations to buy tickets. As an illustration, the *New York Times* reported a \$50-a-plate New York County dinner for which 1,900 tickets were sold but only 1,200 persons attended. Though the reason for sparse attendance in this instance may have been intraparty squabbles, nevertheless one wonders why so many felt compelled to buy tickets.<sup>60</sup>

Before the successful \$500-a-plate dinner held by the National Republican Senatorial Committee in 1965, party workers made a "healthy solicitation effort directed at Washington lobbyists, trade representatives, and corporation officials . . ."<sup>61</sup> The person honoured at the dinner was Senate Minority Leader Dirksen, whose influence was very important to these groups.

Heard has analyzed the reasons for the popularity and success of fund-raising dinners.<sup>62</sup> First, these events are "sharply focused": the timing can be exactly planned and total receipts known quickly. Second, they are easily adaptable to local conditions: they can be \$100-a-plate in wealthier areas and \$5-a-plate in lower-income areas; they can vary in size and style. Third, the dinners are both fund raising and rallying events. Fourth, corporate executives can often charge the price of tickets to their expense accounts, which tends to encourage the purchase of tickets.

One hears, in fact, of tickets bought directly on company public relations and advertising accounts . . . The treasurer of one power company in a southern state regularly has tickets to the local Democratic party dinner available for employees and others connected with the company.<sup>63</sup>

And finally, dinners can be used as occasions to solicit extra "special" contributions from persons attending.

(b) *Other Events*: According to Shannon, the political dinner is not the only special activity in the United States with a political fund-raising purpose:

Republican women in 1958, actually appear to have considered the presentation of a strip-tease act as a method of collecting funds.<sup>64</sup>

A Kennedy for President Club in Syracuse gave trading stamps (whatever kind preferred) for donations, and some fraternity members at Michigan State University sold their blood for party campaign funds.<sup>65</sup> A later attempt has been the sponsorship of theatre parties and movie premières. The Democrats hoped to net \$1 million from their first series in 1965. A further \$1 million was expected to be raised from the sale of advertising space in the programs at the premières.<sup>66</sup>

## 2. Suggestions by United States Writers

(a) *Party Exhibits*: Writers in the United States speculating on new sources of income have made some interesting suggestions.<sup>67</sup> Alexander suggests placing party exhibits at such events as the New York World's Fair, with exhibits

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<sup>60</sup> Alexander, *Responsibility in Party Finance*, pp. 14-15.

<sup>61</sup> Pincus, *op cit.*, p. 73.

<sup>62</sup> Heard, Alexander, *The Costs of Democracy*, Chapel Hill, University of North Carolina Press, 1960, p. 234-237.

<sup>63</sup> *Ibid.*, p. 237.

<sup>64</sup> Shannon, *op. cit.*, p. 61.

<sup>65</sup> Alexander, *Financing the 1960 Election*, p. 70.

<sup>66</sup> *New York Times*, Nov. 22, 1965, p. 23.

<sup>67</sup> Alexander Herbert E. "Party Fund Raising at the New York World's Fair and similar events" and "A Party Competition" in *A Miscellany of Ideas*, pp. 21-22, 27-29.



"designed and constructed voluntarily by firms if done on a nonpartisan basis" and "manned cheaply or at no cost if party volunteers staffed them." Alexander argues that this would reach in a meaningful way large numbers of persons and hence stimulate them to donate to their political parties. In addition, party insignia and sustaining memberships could be sold.<sup>68</sup> There is room for considerable skepticism about the effectiveness of such a scheme. In the first place it is unlikely that parties could find volunteers to staff exhibits during the day. In the second place, it is highly questionable whether a significant number of people would be stimulated to make donations, particularly if the exhibits were nonpartisan.<sup>69</sup>

(b) *Competition for Small Donations*: A second suggestion by Alexander is probably more practical. This suggestion is for an interparty competition for small donations, to be held during election campaigns. The advertisement of such a contest would probably add little to total advertising expenditures and the "straw-vote" nature of the competition might provide an incentive to give.

### 3. *European Practices: Social Events*

Functions comparable to the fund-raising dinner in the United States are used in other countries. The British Conservative Party holds bazaars and garden parties, "often with goods and services provided at cost or as donations by local businesses."<sup>70</sup> In addition to its social events, the Conservative Party organizes raffles and whist drives.<sup>71</sup> The Labour Party in Britain has traditionally turned to "socials," bazaars, and Christmas "fayres", but these are now of declining importance for fund raising. The Constituency Labour Parties obtain £45,000-£65,000 from such "events" out of a total annual income of £600,000-£750,000.<sup>72</sup> The Labour Party in Norway uses social functions to raise funds. In Italy, recreational activities are sources of revenue.<sup>73</sup>

### 4. *Canadian Practices*

(a) *Political rallies*: One special activity used in Canada by the Social Credit Party and the New Democratic Party has not so far been mentioned, the political rally. Here, according to Social Credit party spokesmen, a considerable amount of money is collected by merely "passing the hat." This device was much used by the old CCF party and now by the New Democratic Party. The Social Credit Party also raises money at dinners and sales.<sup>74</sup>

(b) *Ralliement des Cr ditistes Activities*: The Ralliement des Cr ditistes has tried a number of special fund-raising activities. It sells subscriptions for its monthly newspaper *Regards* at \$2 per year. It has tried selling correspondence courses in Social Credit theory and history at \$5 for 12 written lectures.<sup>75</sup> Its proposed budget for 1965-66 suggests bingos, picnics, sugaring-off parties, tag-days, pencil-selling, and social evenings.<sup>76</sup> But perhaps its most interesting effort

<sup>68</sup> *Ibid.*, p. 21-22.

<sup>69</sup> For further discussion of nonpartisan activities, see Section IV, B. of this study. Writings on the subject indicate differences of opinion about the effectiveness of nonpartisan efforts.

<sup>70</sup> Harrison, "Britain," in "Comparative Political Finance," p. 669.

<sup>71</sup> *Ibid.*, p. 669.

<sup>72</sup> *Ibid.*, p. 674-675.

<sup>73</sup> Passigli, "Italy," "Comparative Political Finance" p. 729.

<sup>74</sup> Harrill, *op. cit.*, pp. 248-249, and interview with Hon. M. J. Coldwell, June 28, 1966.

<sup>75</sup> Stein, Michael, "Finances of the Ralliement des Cr ditistes."

<sup>76</sup> *Ibid.*, Table XI.



has been the Service Economique et Social (S.E.S.)—which is really a device to sell more memberships. In the S.E.S. scheme, half of each \$12 membership fee goes to a special fund for redistribution to party members. Once a month, a draw is made for a gift. Up to \$100 may be distributed each month for every 400 party members. Families of a deceased party member may also receive a condolence gift from the fund.<sup>77</sup>

(c) *Liberal Party Dinners*: The Liberal Party appears to have made fairly extensive use of fund-raising dinners. These are organized at the provincial or local level rather than by the national party.<sup>78</sup> The *Toronto Globe and Mail* mentions a \$25-a-plate dinner held by the Liberals in Vancouver. Five hundred persons attended, giving the Liberals a \$7,500 profit.<sup>79</sup> The Quebec Liberal Party claims to derive enough income from its annual fund-raising dinners in the cities of Quebec and Montreal (plus \$5,000 per year in quota payments from all constituencies) to pay its ongoing expenses. From one \$50-a-plate dinner in Montreal, the net revenue was \$70,000; from one in Quebec City, \$28,000.<sup>80</sup> The Toronto and District Liberal Association holds an annual \$25-a-plate dinner honouring the party leader. This dinner regularly attracts 1500 persons and nets about \$25,000.

### C. Conclusions

Indirect contributions have provided considerable funds for parties in several countries. Business activities appear to provide a continuous and fairly dependable source of income for many parties. Thus it might be argued that Canadian parties should attempt to establish profit-making businesses. One difficulty is apparent. Canadian parties, in particular the Liberal and Conservative Parties, have often been suspected of being too responsive to the wants of the Canadian business community. If these parties were to engage in business activity themselves, this suspicion on the part of many Canadians might be intensified.

On the other hand, it is clear that Canadian parties have only begun to touch the lucrative sources of funds which can be reached through special fund-raising activities. More extensive use of fund-raising dinners and other social events (premières, galas, etc.) might bring significant financial returns.

## IV. DIRECT PRIVATE DONATIONS

This category includes all donations not previously considered under "public subsidies" or "indirect donations." It includes funds collected through (a) existing nonparty structures (b) new nonparty structures and (c) existing or improved party structures.

Because much discussion and experimentation on possible improvements in direct private donations has been carried on in the United States, this section draws heavily upon their experience and writing, while making some comparison with other countries.

<sup>77</sup> *Ibid.*, pp. 44-47.

<sup>78</sup> See *infra*, Section IV. C. 2. (b) "Sustaining Funds" of this study.

<sup>79</sup> *The Globe and Mail*, Toronto, August 30, 1965, p. 7.

<sup>80</sup> *Le Devoir*, May 27, 1965, p. 2. Further mention of quotas may be found in Section IV, C. "Collection through Party Structures", of this study.

## A. Collection Through Existing Nonparty Structures

The United States has done some experimenting with the utilization of economic structures, both trade unions and corporations, as channels for the collection of party funds.

Corporations, business or trade associations, and labor organizations are natural financial constituencies because they command ready-made channels of communication capable of reaching large aggregates of voters. Thus they have been used to tap funds and mobilize political energy.<sup>81</sup>

It is not new, of course, for political parties to seek financial help from unions or corporations. But since unions and corporations in the United States as such are forbidden to make donations to political parties, their participation in elections must take different forms.<sup>82</sup> The usual form is to engage in "nonpartisan" political activities.

### 1. Collection Through Unions: United States

American trade unions may not use general funds for partisan political purposes.<sup>83</sup> During the 1960 presidential election, however, the AFL-CIO Committee on Political Education (COPE) organized voter registration drives in coordination with the Democratic Party's drives. It also sponsored get-out-the-vote campaigns and voluntary contribution drives.<sup>84</sup> Locals of the AFL-CIO undertook various drives, too.<sup>85</sup> The Teamsters Union (not affiliated with the AFL-CIO) and its locals also raised money and sponsored registration drives, but tended to favour the Republican candidate, Nixon. The national political committee for the Teamsters, the department for Democratic Republican Independent Voter Education (DRIVE), made contributions to candidates sympathetic to labour.<sup>86</sup> Altogether the national committees of various labour groups raised \$1,983,783 for political purposes in the 1960 campaign.<sup>87</sup>

### 2. Collection Through Corporations: United States

In recent years, some corporations have begun to participate in elections in a way similar to the unions, organizing registration and voting drives, and in some cases even sponsoring voluntary donation programs.<sup>88</sup> A "non-profit, bipartisan organization supported by corporate memberships" and entitled The Effective Citizens Organization (ECO) has been formed to publicize the efforts of

<sup>81</sup> Alexander, *Responsibility in Party Finance*, p. 36.

<sup>82</sup> Center for Information on America, *Money for Politics: The Getting and Spending*, Washington, Connecticut, 1964, p. 9.

<sup>83</sup> Alexander, *Financing the 1960 Election*, pp. 74-75.

<sup>84</sup> Registration and get-out-the-vote drives, if concentrated in areas where one party is strong, may operate selectively, and are thus partisan activities in their ultimate impact.

<sup>85</sup> Alexander, *op. cit.*, p. 71.

<sup>86</sup> *Ibid.*, pp. 72-73.

<sup>87</sup> *Ibid.*, Table 6, p. 42.

<sup>88</sup> Among the companies participating in some way are Rexall Drug Co., Coca-Cola, Aerojet General Corp., Ford Motor Co., Whirlpool Corp., American Telephone and Telegraph, Thiokol Chemical Corp., First National City Bank of New York, Chase Manhattan Bank, Motion Picture Assn., of America, Kimberly-Clark, Atlantic Refining Co., Boeing Co., Champion Paper Co., General Electric Co., Inland Steel Co., Koppers Co., Manufacturers' Hanover Trust Co., Minnesota Mining and Mfg. Co., Monsanto Chemical Co., National Tank Co., Service Pipe Line Co., Tidewater Oil Co., Union Carbide Corp., Western Electric Co., West Virginia Pulp and Paper Co., and Weyerhaeuser Co. ECO's pamphlet, *The Corporate Role in Political Fund Raising*, p. 4.

corporations in this field, to encourage other businesses to participate, and to provide information and advice to participating companies. ECO claims that 300 corporations established public affairs programs in the decade before 1962.<sup>89</sup> The expenses incurred by corporations engaging in such bipartisan campaigns have been ruled tax deductible by the United States Internal Revenue Service.<sup>90</sup>

One example of a corporation-sponsored campaign for voluntary contributions is usually cited as the most successful. The Corporation itself, Aerojet-General, has issued a pamphlet describing its elaborate program.<sup>91</sup> This program involved registrations and political education<sup>92</sup> as well as fund raising. Three top executives (one Democrat and two Republicans) initiated the program. Advertising (memoranda, posters, articles in the company periodical) explained the need for political contributions and identified political giving with good citizenship. Before the 1962 campaign, the company went so far as to allow payroll deductions for political contributions.<sup>93</sup>

Table 1 illustrates the results of Aerojet's financial campaigns.

TABLE 1  
CONTRIBUTIONS MADE IN AEROJET FUND RAISING CAMPAIGN

	1958	1960	1962
Total Employee Contributions .....	\$25,000	\$60,000	\$97,000
Average Per Employee .....	\$2.30	\$3.20	\$4.00
Employee Participation .....	70%	81%	74%

Source: From a table in the pamphlet "The Aerojet Good Citizenship Campaigns," p. 1.

The Ford Motor Company conducted a contribution campaign along simpler lines.<sup>94</sup> It provided employees with contribution cards plus two envelopes, one of which indicated the party for whom the donation was intended, and could then be placed in the second envelope and placed in a contribution box. Another corporation sponsored a door-to-door canvass in its community.<sup>95</sup>

The corporate in-plant campaigns are designed to make use of corporate communications structures and the status of corporate executives to stimulate political giving. The drawbacks to this plan are obvious. Unless great care is taken to ensure bipartisanship in the campaign, social and financial pressures may be brought to bear on employees to enforce conformity to the political leanings of the company's management. In any case, this type of program may not be readily extended to many corporations. It requires a considerable amount of planning and organization; "clearly, the methods used and the degree of top executive encouragement affect the results. Apparently, for many of the executive level, contributions of money continue to be a substitute for contributions of time and effort."<sup>96</sup>

<sup>89</sup> *Ibid.*, p. 16.

<sup>90</sup> *Ibid.*, p. 8, cites ruling 62-156 issued September 24, 1962.

<sup>91</sup> *The Aerojet Good Citizenship Campaigns: How a Corporation Got its Employees Interested in the Politics of Democracy*, Public Relations Dept., Aerojet-General Corp., El Monte, California.

<sup>92</sup> Speakers from both parties attended after-hour rallies.

<sup>93</sup> It is not clear either from Aerojet's pamphlet or from that of ECO whether confidentiality was maintained under the payroll deduction system.

<sup>94</sup> Alexander, *Financing the 1960 Election*, p. 77.

<sup>95</sup> ECO pamphlet, p. 6.

<sup>96</sup> Alexander, *Financing the 1960 Election*, p. 77.



### 3. Collection Through Unions and Corporations: Europe

Parties in European countries also receive funds through the channels of economic structures. The Labour parties in Norway, United Kingdom and Sweden, for example, receive funds collected through union channels.

(a) *Sponsor's Associations*: Attempts have been made in Germany, (also in France and Japan) to utilize corporate structures for the collection of political funds.<sup>97</sup> However, these were cases not of using the corporate structure to reach the voter, but of using the business federation structure to reach corporations. The German experience indicates that, far from broadening the base of political finance and "freeing" the political parties from reliance on a few large donors, the sponsors' associations tended to concentrate both donations and influence.

In these countries [Japan, France, Germany] one centrally-organized group thus contributes (at an informed guess) anywhere from a third to two-thirds of the total campaign funds of the major parties of the center and right . . .

Thus in *Germany* the Sponsor groups have used their leverage to force the adoption by the parties of candidates who had previously been quite inactive in party affairs, and made a precondition for their grants written agreements . . . on post-election coalition decisions. Finally, tremendous pressure has been put on even the most powerful government leaders to prevent the taking of policies not liked by the Sponsors . . .<sup>98</sup>

### 4. Suggestions

(a) *Collections Through Retail Outlets*: Another idea emanating from the United States is to take advantage of the great network of contacts involved in a retail chain. F. P. Kilpatrick, a social psychologist at The Brookings Institution, suggests placing contribution boxes in the retail outlets of national organizations. Applying this idea to food chains, he argues:

Today the American supermarket, like the agora of ancient Greece, is the one institution of American life that is frequented by more than half of our society in any given week. A properly organized campaign undertaken with the cooperation of the food chains would make it possible to appeal to these millions of people at frequent intervals during the campaign at the precise times when it is easiest to translate the impulse of making a small contribution into action.<sup>99</sup>

Boxes could also be installed in drug stores, post offices, etc. to appeal to masses of people while they have their money in their hands. Kilpatrick suggests, too, that some of the possibilities for theft or fraud could be eliminated by having people receive their change in the form of special party stamps, which could then be deposited in the boxes and would be redeemable only by party officials.

This idea would certainly create contacts with masses of people, but it is important to consider whether donations as would probably be made (if people are to give their "change") would justify the handling expenses which would probably be high.

<sup>97</sup> Heidenheimer, *Campaign Finance Outside the United States*, pp. 13-15.

<sup>98</sup> *Ibid.*, p. 14.

<sup>99</sup> Kilpatrick, F.P., "Impulse, Action and Organization in the Financing of American Elections," *A Miscellany of Ideas*, p. 17.



## B. New Nonparty Structures

The United States is the major source of ideas and experience in the area of new nonparty structures. One of the basic objectives behind proposals to establish new structures is to provide some channel for donations from persons who do not wish to contribute to the traditional partisan committee. It is hoped that if appeals are made on a nonpartisan plane contributions will be received from new groups of people: the "uncommitted voters." Many of the proposals for new structures, therefore, stress the need for either neutral personnel or representation of both major parties.

### 1. Collection Through Nonpartisan Collecting Agencies

One writer in the United States calls for "a national nonpartisan fund, powerfully sponsored and launched, collected on a grass-roots basis by inspired volunteers."<sup>100</sup> This nonpartisan fund, as distinguished from bipartisan or multipartisan funds, would not be apportioned among political parties; it would be used "not to influence, but to inform and educate,"<sup>101</sup> to provide "a nonpartisan, impartial, fair presentation of the facts"<sup>102</sup> to the uncommitted voter. The fund would help the parties financially in an indirect manner by buying advertising space and broadcast time, which would be apportioned so as to present "the case for and against all parties, candidates, and issues."<sup>103</sup> Its author hopes that this plan would attract funds from "organizations normally nonpolitical, such as student bodies, churches, women's clubs"<sup>104</sup> as well as from uncommitted voters.

This scheme ignores what is probably the key problem in soliciting for political funds, which is not how to get the money from nonpartisans but how to get it from partisans. The problem is solicitors. Where do the "inspired volunteers" come from? As the ECO pamphlet says about the United States, "Surveys show 40% of our population indicate favorable disposition toward contributing to political campaigns; obviously, many have never been solicited."<sup>105</sup> The same likely holds true for Canada. It is possible but not probable that the search for "truth" and the facts about political issues would inspire volunteers more strongly than partisan loyalties would.

### 2. Nonpartisan Agency to Aid Party Fund Raising

Another objective considered in setting up new bodies to improve political financing is that of "streamlining" the techniques currently used by the parties; in effect, to help the parties do their own fund raising. A National Foundation for Political Finance has been proposed (for the United States) by Staebler and Alexander, and mentioned in the Report of the President's Commission on Campaign Costs.

The major function of such a foundation would be to stimulate fund raising. To accomplish this goal, it would engage in a number of specific activities: it would attempt to create public attitudes favourable to contributing; it would

<sup>100</sup> Gunzburg, M.L. "How a Nonpartisan Political Fund Might Work," *A Miscellany of Ideas*, p. 32.

<sup>101</sup> *Ibid.*, p. 31.

<sup>102</sup> *Ibid.*, p. 30.

<sup>103</sup> *Ibid.*, p. 30.

<sup>104</sup> *Ibid.*, p. 31.

<sup>105</sup> ECO pamphlet, p. 3.

coordinate the work of independent groups; it would attempt to foster the exchange of ideas between parties. To add prestige to the foundation, Staebler suggests that it be nonpartisan. On it would be representatives of both major parties, nonpartisan agencies, economic interests, educators, and communications media.<sup>106</sup> Giving the foundation a federal charter and making the President of the United States its Honorary President would add further prestige.<sup>107</sup>

A national nonpartisan advertising program to stimulate small donations has already been attempted by a privately endowed nonpartisan foundation. The American Heritage Foundation, in cooperation with the Advertising Council and the national committees of both the Republican and Democratic Parties, operated such a campaign in 1958.<sup>108</sup> Then, and again in 1960, advertisements urged citizens in the United States to contribute to the party of their choice. The campaigns were extensive. In 1958:

The Foundation and the Advertising Council employed a vast range of carefully planned publicity approaches... including 25,000 local television-station messages, mentions on nearly 100 top television-network shows, editorial or advertising support in virtually all weekly and monthly magazines, over 3,000 three-sheet posters put out by transportation advertising firms, and a large number of planted articles in periodicals including one in the multi-million issue *Reader's Digest*, free reprints of which were sent to 10,000 political leaders.<sup>109</sup>

It is not clear to what extent this program was a success.<sup>110</sup> The Democrats and Republicans both ran drives for small donations to take advantage of the program, but it is impossible to tell how much of the success of these drives was due to the nonpartisan advertising.

This type of program has never been tried in Canada. It may be that Canadians are unaware of the parties' need for funds. A Canadian foundation, somehow endowed with prestige and money, might therefore be able to stir up public interest in political finance so that (a) more volunteers would be willing to solicit and (b) grass-roots soliciting would be made more productive.

It is more likely, however, that changes in public attitudes produced by publicity campaigns would take a long time to evolve. In the short run, some financial stimulus would probably bring more noticeable results.

### C. Collection Through Party Structures

Full-time party business enterprises have been discussed above. Special campaign fund-raising activities have also been considered. A closer look will now be given to the ways in which parties can improve their financial position by using their own structures as channels for gathering direct donations.

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<sup>106</sup> Staebler, Neil O. "A National Foundation for Political Finance," *A Miscellany of Ideas*, p. 36.

<sup>107</sup> Alexander, *Responsibility in Party Finance*, p. 51.

<sup>108</sup> Heard, *The Costs of Democracy*, p. 42.

<sup>109</sup> *Ibid.*, p. 456.

<sup>110</sup> Shannon takes exception to this form of campaigning. About the national campaign carried on in 1958 by the American Heritage Foundation he asks, "Did not this whole campaign with singing commercials and 'hard sells' give an atmosphere of salesmanship to the serious business of statesmanship?" *Money and Politics*, p. 101.

## 1. Internal Party Sources

(a) *Membership Dues and Subscriptions*: Within Canadian parties themselves there are sources of funds which have not been exploited to their fullest. In a number of European countries, membership dues account for a substantial portion of the parties' income. In Norway, for example, in 1950, the Communist Party received 80 per cent of its income from dues, the Liberal Party 70 per cent, the Center (Agrarian) Party 65 per cent, the Conservative Party 50 per cent, the Christian People's Party 50 per cent, and the Labour Party 37 per cent.<sup>111</sup> In West Germany in 1961 the SPD received 52.0 per cent of its income from membership dues, the CDU 8.9 per cent and the FDP 8.0 per cent.<sup>112</sup> Dues are an important source of income for Italian political parties<sup>113</sup> and for the Communist and Socialist Parties of France. Membership fees are of "vast importance" for the Communist and Social Democratic Parties in Finland too.<sup>114</sup>

The constituency Labour parties in the United Kingdom derive considerable income from membership dues, although the proportion of income from this source varies from one constituency to another. The minimum membership due is set at 6s. per year by the Labour Party's constitution. The average collected, however, is only about 2s.6d.<sup>115</sup> For the Conservative Party "the basic source of constituency finance, is the annual subscription," which is usually about 2s.6d. (35 cents).<sup>116</sup> Volunteer canvassers and the "Book Scheme" are used to collect these subscriptions.

The "Book Scheme" is probably peculiar to the Conservatives. The treasurer sends to prospects in the ten shilling to five pound class—usually small business men—a notebook showing what others have contributed, and an appeal letter inviting them to write down their own donation.<sup>117</sup>

The tapping of this source of funds is not unknown to Canadian political parties. The United Farmers of Alberta (UFA) used membership subscriptions: Henry Wise Wood organized a successful drive in the fall and winter of 1921-22. Each member contributed \$6, of which \$2 was for UFA membership, \$2 for a one-year subscription to the *Grain Growers' Guide*, \$1 for political expenses, and \$1 for organization expenses.<sup>118</sup>

The CCF-NDP has also used membership dues as a source of income. The annual reports of the CCF for 1950, 1952, 1954, and 1960 indicate that dues constitute a significant portion of the national party's income.<sup>119</sup> For the New Democratic Party, dues are still a significant source of income, although they constitute a smaller percentage of total income than formerly because of the increase in national union contributions.

<sup>111</sup> Storing, James A. *Norwegian Democracy*, Houghton Mifflin, Boston, 1963, p. 126.

<sup>112</sup> Duebber and Braunthal, "West Germany," in "Comparative Political Finance," p. 779.

<sup>113</sup> Passigli, "Italy," *Ibid.*, p. 726.

<sup>114</sup> Pesonnen, *et al.*, *op. cit.*, p. 4.

<sup>115</sup> Harrison: "Britain," in "Comparative Political Finance," p. 674. Since the "constituency quota" system provides revenue for Central Office the subscriptions ultimately form part of the national party income as well.

<sup>116</sup> *Ibid.*, pp. 667-8.

<sup>117</sup> *Ibid.*, p. 668.

<sup>118</sup> Rolph, W.K. *Henry Wise Wood of Alberta*, Toronto, 1950, pp. 93-94.

<sup>119</sup> Report of Twelfth Annual Convention 1952; Thirteenth Annual Convention, 1954; Sixteenth Annual Convention, 1960.



The Ralliement des Cr ditistes has always relied heavily upon receipts from membership dues. In the earliest years of the party membership, fees collected locally paid for R al Caouette's television appearances on local television stations.<sup>120</sup> In 1961 the annual fee was set at \$14; \$2 of this going toward a subscription to the party's monthly newspaper *Regards*.<sup>121</sup> The Service Economique et Sociale was set up in 1964; \$12 was collected for the S.E.S. each year, of which \$6 was used for provincial and local party administration and \$6 for redistribution among party members.<sup>122</sup> Administrative costs included the production of *Regards*. In 1965, a new type of membership card, "carte de membre sympathisant" was sold for \$2 a year, giving the "membre sympathisant" partial membership privileges.<sup>123</sup> The importance of membership receipts is evident from the party's statement of revenues and expenditures for 1964-65; of the total receipts of \$19,491.48, the S.E.S. collections were \$12,949.95.<sup>124</sup>

In the early thirties the National Liberal Federation began a system of "associate memberships." Party supporters who paid \$1 per year became associate members of the national party and received party publications. Although there were 50,000 associate members by 1933, the system lapsed during the Second World War and was not renewed.<sup>125</sup>

At present, membership fees for the Liberals and Conservatives are set by riding associations. The average is \$2 per year in the Liberal Association with varying amounts up to \$5. The Conservatives' average is \$1.<sup>126</sup>

The central problem in raising funds through dues collection is discipline. Shannon has advocated the requirement of membership dues by parties in the United States; any person who failed to pay his dues would be disqualified from membership in his party.<sup>127</sup> The question of to what degree a party could maintain discipline in the matter of dues turns on what disqualification would mean to the member. In countries such as Italy and Israel where so much activity is organized on a partisan basis, disqualification would have an immediate and personal impact on a member. In United States, particularly in one-party areas, exclusion from the party primary might be a meaningful sanction. But for members of the Canadian Liberal or Conservative Parties deprivation would probably mean little or nothing to anyone but the few very active members who became delegates to party conventions.

(b) *Assessment of Elected Representatives:* A second possible internal source of revenue is sitting members. In Italy, Communist and Socialist Parties receive a set proportion of the salary each member earns as a deputy. The SPD in Germany collects 20% of the salaries of its sitting members.<sup>128</sup> In France socialist deputies are expected to turn back a portion of their indemnity. Harrill

<sup>120</sup> Stein, "The Finances of the Ralliement des Cr ditistes," p. 18.

<sup>121</sup> *Ibid.*, p. 21.

<sup>122</sup> *Ibid.*, p. 44. For details on the mode of redistribution, see *supra*, Section III. B. 4. "Indirect Donations—Canadian practices" of this study.

<sup>123</sup> *Ibid.*, p. 47.

<sup>124</sup> *Ibid.*, Table III appended.

<sup>125</sup> Regenstreif, S.P., *The Liberal Party of Canada: A Political Analysis*. Unpublished Ph.D. dissertation, Cornell, 1963. Reprint (Xerox) by University Microfilms Inc., Ann Arbor, Michigan, 1965, p. 168.

<sup>126</sup> Dowd, Eric, "Should N.D.P.s share riches of their toil?" *Globe and Mail Magazine*, Toronto, Sept. 11, 1965, p. 2.

<sup>127</sup> Shannon, *op. cit.*, pp. 99-100. Paul T. David also recommends this plan: "Model for a Rational System of Party and Campaign Finance," *A Miscellany of Ideas*, pp. 10-12.

<sup>128</sup> Duebber and Braunthal, "West Germany," "Comparative Political Finance," p. 774.



quotes a Cooperative Commonwealth Federation (CCF) treasurer as saying that the national party sometimes called upon its members of Parliament if it was running short of funds.<sup>129</sup>

Shannon sees in this a sinister force. He points out that during the Fourth Republic in France, Communist deputies turned over all of their indemnities to the party, and received a salary from the party. In effect, then, they were being paid according to the way they performed as party members, not as deputies.

With such iron control, power (sovereignty) may pass from the hands of the state's overt representative body into those of an outside party machine.<sup>130</sup>

While this may seem much more alarming to someone from the United States than to someone from Canada (where members are already disciplined by their parties to a considerable degree) there is probably still good reason to reject this method of financing. Since the state pays the salaries of members of Parliament, a system in which members turned back a certain portion of their salaries would be, in effect, an indirect state subsidy to the parties in proportion to their representation in Parliament. If such subsidies were to be granted it would probably be preferable to grant them openly, as a matter of public policy.

## 2. Sources External to the Party

An obvious way for parties to raise more funds from "outside" is simply to improve the existing fund-raising techniques. If, as has often been suggested, the major Canadian parties tend simply to select a prominent member of the business community as national solicitor and then depend on him to "touch" his business acquaintances, improvement of the collection procedures might well yield considerable new revenues.

(a) *Quota Systems*: A "model for a rational system of party finance," which was proposed for the United States, might be applicable to Canada.<sup>131</sup> In this model, adapted from a study of voluntary associations, the ongoing expenses of national parties would be financed by an upward flow of funds from lower levels of the party organization.<sup>132</sup> As a sanction against delinquent lower-level associations, the national party could threaten to "withdraw the charter" of the association, deny it the use of the national party's name. For campaign financing, "permanent, efficient, and fully-committed staffs" would be employed to raise funds in a systematic way.

The Conservative Party in the United Kingdom has used a "constituency quota" system since 1948.

The Party Treasurers decide annually on a "National Target" for constituency contributions to Central Office. This is translated into so many pence per Conservative vote. After negotiations with Area Treasurers separate area quotas are fixed. Area Treasurers then settle constituency quotas with local treasurers according to their assessment of means. (Informally many constituencies set their branches sub-quotas)... Some associations still need subsidies, and some fail to meet their quota—which is "voluntary." Nevertheless, from being a drag the constituencies have been turned into a major support of Central Office.<sup>133</sup>

<sup>129</sup> Harrill, *op. cit.*, p. 266.

<sup>130</sup> Shannon, *op. cit.*, p. 84.

<sup>131</sup> David, in *A Miscellany of Ideas*, pp. 10-12.

<sup>132</sup> David suggests that funds should come ultimately from membership dues. This question has been discussed above.

<sup>133</sup> Harrison, "Britain" in *Comparative Political Finance*, p. 665.

The Labour Party, on the other hand, has had difficulty getting funds from constituency parties.

So strong is the tradition that... [the unions] will look after Transport House that local parties will hoard money or waste it on social or political conspicuous consumption. One CLP with a £3,600 income in 1962 sent only £ 68 to London.<sup>134</sup>

The 1965 Blackpool Conference may mark the beginning of a change, but so far the basic idea of the "rational model" has not proved effective for the Labour Party.

Parties in the United States already have an upward flow of funds, although not on the complete and systematic scale suggested in the "rational model."<sup>135</sup> Both Democrats and Republicans have a "quota system" under which state finance committees (represented on the national committee) are assigned a certain sum of money to be raised each year. This sum is decided, in the Republican Party (which is more highly systematic), according to "the state's electoral votes, population, number of Republican voters in the last presidential election, number of occupied dwelling units, personal income-tax collections, and purchasing power."<sup>136</sup> Many state finance committees set parallel quotas for county finance committees.<sup>137</sup> All direct contributions within a state are credited toward the state's quota. State and national fund-raising drives can thus be coordinated, with each level gaining some of the revenues.

Alexander sums up the workings of this system: "Analysis leads inevitably to the conclusion that while quota monies do not flow upward as freely as might be hoped, they nevertheless are an indispensable source of funds for the national parties." He cites Heard as estimating that between 1944 and 1956 the Democratic national and congressional committees received one-third of their funds and the Republican committees one-half, from upward transfers.<sup>138</sup>

This "upward-flow" system probably could not easily be transplanted to Canada. The Quebec Liberal Party, however, does use it at the provincial level. Each constituency association is assessed \$50 per year, the receipts to be put toward the maintenance of the provincial party offices in Montreal and Quebec City. Quota funds, however, form only a small part of the total income for this purpose.<sup>139</sup> The national Liberal Party attempted to initiate such a system in the twenties and again in 1931, but was not successful in either case.<sup>140</sup>

The sanctions of the "rational model" are based, according to the author upon the fact that "the name of the national organization and its official sponsorship are the basis for local recruiting."<sup>141</sup> While this assumption may be valid for other voluntary associations, it is of doubtful validity when applied to federally linked provincial parties in Canada.

The assumption is probably more valid for the United States. In their system of government, state and national campaigns run concurrently. Thus, without

<sup>134</sup> *Ibid.*, p. 671.

<sup>135</sup> In the 1964 presidential campaign, the Democratic national-level committees (the Democratic National Committee and the Senate and House of Representatives Committees) transferred \$3,216,000 to candidates and state and local committees. Alexander and Meyers, "The Switch in Campaign Giving." *Fortune*, November 1965.

<sup>136</sup> Heard, *op. cit.*, p. 215, n. 6.

<sup>137</sup> Alexander, *Responsibility in Party Finance*, p. 20.

<sup>138</sup> *Ibid.*, pp. 17-20.

<sup>139</sup> *Le Devoir*, May 27, 1965, p. 2.

<sup>140</sup> Harrill, *op. cit.*, pp. 256-257.

<sup>141</sup> David, in *A Miscellany of Ideas*, p. 11.

cooperation between national and state fund raisers there is likely to be wasteful competition for the campaign dollar. It is therefore possible that the threat of competition for funds rather than the threat of withdrawal of a national sponsorship is the chief "whip" available to enforce the quota system.<sup>142</sup> In Canada, on the other hand, federal and provincial elections are not often concurrent, so that competition for funds is to some extent avoided. In any case, the danger of a high degree of competition between federal and provincial fund raisers in the Liberal and Conservative Parties is minimized by the fact that most federal campaign funds are collected from large business and hence mostly from Ontario and Quebec.<sup>143</sup>

(b) *Sustaining Funds*: Both the Democratic and the Republican National Committees in the United States have established sustaining funds, to try to gain a somewhat broader-based source of revenues for minimum ongoing expenditures. The Democrats' sustaining fund, established in 1957, is based upon \$10-per-year membership fees. These are solicited by mail or advertisements, rather than by personal contact. This allows a large number of people to be reached. By 1961, the Democrats had 60,000 contributors and the Republicans (who began their program in 1962) had a first-year membership of 70,000. The sustaining fund had brought in \$1,029,000 to the Republicans by 1964.<sup>144</sup>

Alexander has argued that mail and advertising campaigns are expensive in relation to their returns and that the returns to the parties have proved inadequate for their needs.<sup>145</sup> Nevertheless, this is a fund-raising idea which could probably be imitated in Canada. A regular flow of income, even if smaller than necessary, would be preferable to a spasmodic, unpredictable flow for the purposes of maintaining the national offices of the parties.

Sustaining funds have already, in fact, been started in Canada. Perhaps the earliest suggestion was made by a Conservative supporter:

I asked them [a group of influential Conservatives] if they would join me in creating the basis of a fund by subscribing fifty thousand dollars, with a pledge that neither we nor others who would add to the fund would seek for recognition from the Conservative party because we had contributed these sums. These gentlemen were too generous . . . to laugh . . .<sup>146</sup>

In 1958 the federal Liberal Party in Ontario established a sustaining fund, the Liberal Union. The party, nearly bankrupt, was faced with the possibility of having to close its Toronto office. Party supporters throughout Ontario were asked to join the Liberal Union by paying \$100 per year. Members would then receive a membership card and be invited to cocktail parties held in Toronto about once a year and attended by party leaders. The highest the number of members reached was between 75 to 100, but this provided enough money to keep the Toronto Office open.

In Manitoba, fund-raising dinners are held by the Liberals to raise money for maintenance of permanent offices. Every person who buys a ticket to a \$50- or \$25-a-plate dinner becomes a member of the "Century Club." Profits are divided between the federal and provincial organizations. The Ontario CCF Party too,

<sup>142</sup> There are also sanctions available in voting rights, seating arrangements and accommodations, etc., at national conventions. Alexander, *Financing the 1960 Election*, pp. 55-56.

<sup>143</sup> See study No. 6 "The Patterns of Canadian Party Finance" in Part II of this Report.

<sup>144</sup> Pincus, *op. cit.*, p. 72.

<sup>145</sup> Alexander, *Responsibility in Party Finance*, pp. 20-21.

<sup>146</sup> Letter from Sir Joseph Flavelle written in 1927, quoted in Colquhoun, Arthur H.U., *Press, Politics and People: The Life and Letters of Sir John Willison*, Toronto, 1935, p. 111. See also p. 287.



made use of a sustaining fund. The "Ontario 500 Club" consisted of the approximately 500 persons who gave \$10 or more to the party. In 1960 the national CCF Party reported receiving \$2,930.80 from this source out of total receipts of \$28,547.87. The only larger entry in the report of receipts was that for membership dues (\$23,022).<sup>146a</sup> Currently, the New Democratic Party receives funds from a national system of sustaining memberships at \$12 or more per year.

(c) *Endowment Funds*: An interesting suggestion has been made to help parties in the United States put their finances on a more dependable footing.<sup>147</sup> Byron G. Allen, a former Democratic National Committeeman from Minnesota, has suggested that parties be chartered to permit them to hold trustee endowment funds. The parties could then solicit contributions of securities rather than cash, add a small portion of their current revenues, and thus build up a sizeable income-earning fund. Allen hopes that such a "nest egg" would be used to expand national party activities into research, maintenance of libraries, personnel training, etc.

(d) *Small Gifts Drives*: To make the financial constituencies of political parties approximate their political constituencies, the establishment of a "mass base" for political donations has been advocated by many students of political finance. Both parties in the United States have made efforts in this direction in recent years.

(i) *Bipartisan Drives*. There have been a few bipartisan drives for small donations in the United States. One such drive in Alexandria, Minnesota, in 1956 raised \$1,200 from the 1000 persons solicited during a three-day period. Seventy-six percent of those solicited made donations. A local newspaper provided leadership and publicity. Eighty solicitors were recruited and they made their door-to-door calls in pairs (one Democrat and one Republican; and occasionally an independent accompanied the two partisan solicitors.) Arrangements were made in advance to divide up the receipts according to the votes cast in the preceding election.<sup>148</sup>

(ii) *Partisan Drives*. Republicans and Democrats have also organized partisan drives for mass contributions. As early as 1916, the Democratic Party, under Wilson, sponsored a mail-solicitation drive, which is thought to have stimulated gifts from 300,000 persons.<sup>149</sup> In 1952 the Democrats started a campaign for \$5 contributions, under Beardsley Ruml, finance chairman of the Democratic National Committee. The National Office had booklets of receipts printed, and distributed them to state organizations, which then distributed them to local organizations. Total receipts were about \$600,000, of which a portion was retained by the state finance committees for their own use. The plan as a whole supplied only about 10 per cent of the National Committee's annual revenue for 1952.

The Plan required the expenditure of some money by the committee and of considerable energy by Ruml and numerous staff members, all of which might have been put to other use. The Plan, was, therefore, in 1952 a failure.<sup>150</sup>

<sup>146a</sup> *Report* for 1960, p. 20.

<sup>147</sup> Allen, Byron G. "Political Parties Should be Chartered for Financial Stability," *A Miscellany of Ideas*, pp. 33-35.

<sup>148</sup> Heard, *op. cit.*, pp. 459-461.

<sup>149</sup> *Ibid.*, p. 250.

<sup>150</sup> *Ibid.*, p. 252. For a detailed discussion of the Ruml plan, see Van Doren, John, *Big Money in Little Sums*, Institute for Research in Social Science, Chapel Hill, University of North Carolina, 1956.



In 1958 both Republicans and Democrats organized mass solicitations in conjunction with the national nonpartisan advertising campaign to encourage political donations. The Dollars for Democrats program was then continued in 1960 on a more ambitious scale. The National Committee of the Democratic Party received \$121,059.92 from the 1960 drive, after money had been deducted for state and local committees.<sup>151</sup> The Republicans gathered about 200,000 volunteers and received contributions (estimated total, \$1,850,000) from 900,000 families.<sup>152</sup> The Republican Party did not organize its "Neighbor-to-Neighbor Campaign" on a national scale in 1960, but one county in Minnesota raised \$94,000 in a small-contribution drive.<sup>153</sup>

Workers for the 1964 Republican Presidential candidate, Barry Goldwater, have had the greatest success so far in raising money in this way. Television, radio, and mailed appeals were used to solicit funds. After one direct mailing of 15 million pieces of literature, 380,000 donations were received, for a total of \$5.8 million.<sup>154</sup> Altogether "32.4 percent of the Republicans' 1964 national income came from direct mail solicitations, 13.7 percent from TV appeals." Throughout 1964, the Republicans received 651,000 small individual contributions.<sup>155</sup>

Attempts at mass-based financing made by Canadian parties have been considerably less successful. In 1943-44, the Conservative Party tried a popular finance campaign. Door-to-door canvassing, backed up with advertising in the press, on radio and by direct mail, was carried on under a professional fund raiser. Receipts, however, failed to cover even the overhead costs of the campaign.<sup>156</sup> There is no evidence that the national Liberal Party has ever tried any drive for mass contribution outside the party membership. The national Social Credit Party in 1946 and 1947 advertised in the *Canadian Social Crediter* for contributions to the "On to Ottawa Fund", but receipts were "a mere trickle."<sup>157</sup> In summary, no Canadian party appears to have been able to maintain a broadly-based system of small contributions from the general public.

(e) *Large-Gift Drives*: The Liberal and Conservative Parties in Canada obtain the great bulk of their funds in large donations. Neither Party, however, has a formally organized drive for large gifts. In the United States, on the other hand, both the Democrats and the Republicans operate drives for large contributions.

The Democrats' large-gift drive was started by President John F. Kennedy. Every contributor of \$1000 becomes a member of the "President's Club," receives mail from the Democratic National Committee and, if attending a party convention, has special seating. Members receive invitations to receptions, etc.,

<sup>151</sup> Alexander, *Financing the 1960 Election*, p. 53.

<sup>152</sup> Heard, *op. cit.*, p. 405.

<sup>153</sup> Alexander, *Financing the 1960 Election*, p. 54.

<sup>154</sup> Pincus, "The Fight Over Money," *op. cit.*, p. 72.

<sup>155</sup> Alexander and Meyers, "The Switch in Campaign Giving," *Fortune*, November 1965, p. 1.

<sup>156</sup> Granatstein, J. L., "Conservative Party Finances, 1939-1945" pp. 52-54. An unpublished study prepared for the use of this Committee. The Liberal Party in Ontario has tried mailed appeals on two occasions. In 1961-1962 letters were sent to 75,000 Liberal sympathizers in Ontario, at a cost of \$4,000. Net receipts were approximately \$6,600. A second mailing was sent in 1965, at a cost of \$4,500. There was a net loss of \$800 on this appeal. The mailing list used was the Ontario section of the national list maintained at the party's Ottawa office. The national party is enclosing envelopes with requests for contributions in issues of a new semi-annual publication, *The Journal of Liberal Thought*.

<sup>157</sup> Stein, *Finances of the Ralliement des Cr ditistes*, Appendix II.

often attended by the President. An estimated 4000 persons are now members of state and national chapters of the President's Club.<sup>158</sup>

In the Republican Party, "Republican Associates" correspond to the members of the President's Club. This special category of donors established during Eisenhower's presidency had 1700 members by 1960. Goldwater's aides also solicited large donors for his campaign for nomination.

A nationwide solicitation of wealthy conservatives, primarily through telephone blitzes at key moments, brought in a major part of the \$5.5 million spent in winning the nomination.<sup>159</sup>

A national committee direct mailing in 1965 brought in 200 over-\$1,000 contributions. In the meantime, the National Republican Congressional Committee (which raises money for candidates for the House of Representatives) started its own campaign for "\$1,000 Boosters." For 1966 the \$1000 Booster drive and the drive for Republican Associates are being combined in a direct-mail appeal to 8700 possible contributors.<sup>160</sup>

In Canada, the Ralliement des Cr ditistes has tried a program similar to the President's Club and the Republican Associates. In order to get contributions substantially larger than the \$12 membership fees, the Party established a category of donors of over \$100, the "Club des Cents." Such contributors were registered in each constituency. In 1962-1963 the small businessmen reached in this drive contributed over \$40,000 to the party.<sup>161</sup>

#### D. Conclusions

Several concluding points must be made about the party fund raising from outside sources. As Heard has stated:

The cost of raising money in small amounts naturally runs higher than the cost of raising it in large amounts . . . .<sup>162</sup>

Successful mass solicitation is to a significant extent a matter of technique, a matter of system, continuity, and skill in designing appeals for specific audiences—all of which require competent and cooperative staffing.<sup>163</sup>

Extensive and costly publicity is also required to ensure the success of a fund-raising drive. Mailed or telephoned solicitations are also expensive and are considered by many to be less effective than personal solicitation.<sup>164</sup> Personal solicitation, on the other hand, requires the use of large numbers of volunteer canvassers, which, in turn, entails detailed planning and careful organization.

Other elements essential to a successful fund-raising campaign are good timing and tailoring of the appeal. The Republicans' drives provide excellent examples of both.

In the midst of a sharp stock price drop—the so-called "Kennedy market" after the steel price rollback—Warner [the assistant to the chairman of the Republican National Committee] purchased two mailing lists (for \$2000 apiece) with 65,000 names from East Coast investment advisory firms and began what was to develop into the first successful campaign by a major party for small contributions.<sup>165</sup>

<sup>158</sup> Alexander and Meyers, "The Switch in Campaign Giving," p. 3.

<sup>159</sup> Pincus, *op. cit.*, p. 72.

<sup>160</sup> *Ibid.*, pp. 73-74.

<sup>161</sup> Stein, *op. cit.*, pp. 34-35.

<sup>162</sup> Heard, *op. cit.*, p. 254.

<sup>163</sup> *Ibid.*, p. 253.

<sup>164</sup> Alexander, *Responsibility in Party Finance*, pp. 21-22.

<sup>165</sup> Pincus, *op. cit.*, p. 72.

One of Goldwater's direct-mail campaigns for funds was directed toward "doctors, small businessmen, even ethnic groups—to whom the conservative Arizonan had a strong appeal. A single mailing list of American Medical Association members—obtained free from a drug company—drew several hundred thousand dollars."<sup>166</sup>

Prestige can also be used to good advantage in fund raising. In the President's Club campaign mentioned above, for instance, the prestige of the President is used to induce donations. His name is mentioned in almost all correspondence with members and his presence with members at many club functions serves to give members a feeling of access to the seat of power.<sup>167</sup>

In general, then, campaigns for direct contributions to political parties place great demands upon a party's resources of organizational talent, ingenuity, manpower and money. Yet the experience of the Republican Party during Goldwater's candidacy indicates that such campaigns can touch valuable sources of funds. Canadian parties have yet to demonstrate that they have made comparable efforts. Until they do, it is clearly too early to say that fund-raising campaigns in Canada are doomed to failure.

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<sup>166</sup> *Ibid.*

<sup>167</sup> Alexander and Meyers, "The Switch in Campaign Giving," p. 3.

# 5

## PUBLIC SUBSIDIZATION OF POLITICAL PARTIES AND CANDIDATES

### I. INTRODUCTION

Three methods of subsidizing election expenses by the state may be discerned: direct subsidies, specific subsidies and indirect subsidies. Systems of direct subsidies are characterized by the allocation of sums of money by the state to political parties, the money being divided either by law or through an agreement between the parties. The amounts never cover all the expenses of political parties or candidates, but usually vary between about a third and a half of their total election expenses. Specific subsidies, as opposed to direct subsidies, are for specific types of expenses. These may also be called "conditional", being made for certain purposes only. They may take the form of money or of free use of facilities such as television and postal services. There is a third type of subsidy by which the state finances the political parties by indirect means. Indirect subsidies seek to encourage the electors to take a greater part in politics by making donations to political parties tax-free, or eligible for deductions similar to those allowed for charitable donations. This study is limited to a discussion of direct subsidy systems.

#### *A. Systems of Direct State Subsidy*

The direct subsidization of political parties has been established in four jurisdictions: Quebec,<sup>1</sup> the Federal Republic of Germany, Sweden and Puerto Rico. The aim of these systems is to finance at least part of the expenses of recognized political parties and to ensure their continuity, on the principle that parties fulfil an essential public role and should not be subject to undue pressure from private interests. Direct subsidies are usually made in the form of lump sum or pro rata

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<sup>1</sup>The new Quebec subsidy legislation is discussed in detail in a special study prepared for the Committee by Professor H. Angell and is therefore not considered here. See study No. 7 "The Evolution and Application of Quebec Election Expense Legislation 1960-66," in Part II of this Report.



allocations distributed by the state from public funds. The pro rata allocations are calculated either on the number of electors, or of voters supporting a particular party, or on the number of seats it holds in a particular legislature. All these systems leave a certain amount of room for private contributions.

Although the systems in question resemble each other in principle, in practice they are very different. These variations of form are the result of the way direct subsidization of political parties has been adapted to different environments and problems. In West Germany no special legislation was adopted. The money was voted as an overall grant to the parliamentary parties at the time the annual budget was adopted. The allocation of the funds rested on an agreement between the parties. Sweden has established the most recent system of direct subsidies. Its operations are governed by a Royal Decree and the subsidy is in the form of a fixed allocation for each seat. Each party receives a sum proportional to the number of seats it has in Parliament. Puerto Rico established one of the first systems of direct subsidies in 1957, which has since been amended several times. The system provides for an overall allocation distributed on the basis of the number of "straight-ticket" votes obtained by each party, and for supplementary allocations to qualified political parties.

## II. FEDERAL REPUBLIC OF GERMANY

West Germany is a federal state with two levels of government: the Bund, or federal government; and the provincial governments or Laender. The Federal Constitutional Court has jurisdiction in all electoral questions, in fixing the status of the political parties and adjudicating political and constitutional problems that may arise. This Court has recently declared the subsidy system adopted in 1959 to be unconstitutional. Despite this judgment, the West German subsidy system is analyzed here since it illustrates certain principles and problems underlying direct subsidy systems.<sup>2</sup>

Political parties are recognized by law in the *Grundgesetz* or the basic organic law of West Germany. Article 21, which gives legal status to the political parties, provides:

- (1) The political parties participate in the forming of the political will of the people. They may be freely formed. Their internal organization must conform to democratic principles. They must publicly account for the sources of their funds.
- (2) Parties which, by reason of their aims or the behavior of their adherents, seek to impair or destroy the free democratic basic order or to endanger the existence of the Federal Republic of Germany shall be unconstitutional. The Federal Constitutional Court shall decide on the question of unconstitutionality.
- (3) Details shall be regulated by Federal legislation.<sup>3</sup>

<sup>2</sup> The Court's decision was based on the grounds of (a) the inequity of the system due to the exclusion of non-parliamentary parties from financial benefits, and (b) the destruction of the proper relationship between political parties and the electorate. According to the Court "In a free democratic political system, the process of shaping the people's political opinions and volition must be fundamentally free of state interference. This process must be directed from the people to the organs of the state, and not the other way around, from the state organs to the people." Translated from a portion of the judgment quoted in *Der Spiegel*, Vol. 20, No. 31, Hamburg, July 25, 1966, p. 18. The decisions of the Second Senate of July 19, 1966 of the Federal Constitutional Court, 2 BvE 1/62, 2/64 and 2 BvF 1/65 arrived too late for detailed translation and analysis.

<sup>3</sup> Pollock, James K., and John C. Lane, *Source Materials on the Government and Politics of Germany*, Ann Arbor, Michigan, Wahrs Publishing Co., 1964, p. 14.

Since the Federal Republic of Germany was set up in 1949, the number of political parties in the Bundestag has dropped from eleven to three. Today three parties, the Christian Democrats/Christian Social Union (CDU/CSU),<sup>4</sup> the Free Democrats (FDP), and the Social Democrats (SPD), have seats in Parliament.

When charitable and other organizations were re-established after the Second World War, the government was increasingly called on to provide subsidies for these associations out of public funds. According to Theodor Eschenburg,<sup>5</sup> this tendency continues. The government did not limit itself to subsidizing charitable institutions; subventions were also given to associations representing special interests in society. It is therefore not surprising that political parties claimed state aid.<sup>6</sup> State financing of political parties received increased attention when the contributions of party members started to decrease, a phenomenon reported by all parties except the Social Democrats.

In 1954, an amendment to the *Income Tax Act* was introduced which granted lower taxes on gifts made by individuals to parties. Parties like the CDU/CSU and the FDP, which were mainly financed by large contributions from heavy industry or financial circles, welcomed the measure despite the apparent danger that they would become dependent on these economic interests. However this measure made little difference to the financial situation of the SPD, which depended on the subscriptions of its members.

In 1958 the Federal Constitutional Court was asked to determine if the 1954 amendment to the *Income Tax Act*, and an amendment of 1956 dealing with the deduction of contributions, were constitutional. The Court decided that these provisions violated the fundamental right of political parties to equality of opportunity, and the fundamental right of the citizen to equality of treatment. The Court stated that business firms existed to make profits, and the diversion of funds to political parties was a violation of the rights of shareholders. Tax exemptions for political donations were declared to be unconstitutional.

Anticipating the financial crisis which the parties would face, the Court made the following proposal:

According to Art. 21, section 1, first sentence, of the Basic Law, political parties participate in forming the political will of the people. They do this particularly in participating in elections. Existing election laws pre-suppose political parties for the preparation and conduct of elections. Consequently, political parties are above all organizations for the preparation of elections and their monies, too, serve primarily such preparation . . .

Since the holding of elections is a governmental responsibility and since parties are accorded a decisive role in the fulfillment of this responsibility, it must then be permissible that not only for the elections themselves but for the political parties which sustain these elections financial means . . . [should be] allocated by the state.<sup>7</sup>

The Court clearly favoured a system of direct subsidization by the state as the ideal solution which would reconcile the fundamental rights of the parties and the citizens.

<sup>4</sup> The CSU-Christian Social Union a Bavarian party allied to the dominant Christian Democrats (CDU).

<sup>5</sup> Eschenburg, Theodor, *Probleme der modernen Parteifinanzierung* (Problems of Modern Party Financing), Lecture on the occasion of the inauguration of the Rector, May 9, 1961, J. C. B. Mohr (Paul Siebeck) Tübingen, 1961. 46 pp. *passim*.

<sup>6</sup> *Ibid.*, p. 24.

<sup>7</sup> Decision of the Second Senate of June 24, 1958 of the Federal Constitutional Court, BVerfGE VIII, 51ff; 1958. Excerpt of decision as translated cited in Pollock and Lane, *op. cit.*, p. 231.

The parties found themselves deprived of a good part of the funds which they had received, because those contributors who had benefited from the income tax deduction generally ceased to contribute. The political parties tried to find other sources of financing. The state was called in to help out.

In 1959, following repeated pressures from parliamentary groups, the government allocated a sum of 5 million DM to the political parties. An allocation to the political parties was simply included in the budget in the same manner as was done for other associations. The subsidy was to be assigned ostensibly to the political education work of the parties.<sup>8</sup> In addition to its non-statutory character, a second characteristic of the system was its great flexibility. Since there was no legislation controlling its functioning, the subsidies could be increased or decreased in successive years. The manner in which this was done depended upon a simple understanding between the parties represented in the Bundestag.

### A. Functioning of the System

In keeping with the 1959 accord, a sum intended to subsidize the political education work of the parties was included each year in the budget. This sum was distributed entirely among the parties having representatives in the Bundestag. Other parties which failed to get representation in the Bundestag could not benefit. Each of the qualified parties received initially a basic amount of 5% of the total amount fixed in the budget for these subsidies. The remainder was divided on the basis of the number of seats held by each party in Parliament. The CDU and CSU are to be considered as separate parties in this connection.

Those parties which benefited had to account for the manner in which these sums were used only to the President of the Federal Accounting Office. The Appropriations Committee of the Bundestag declared that such reports need not show details concerning specific items of expenditures, and that supervision was to be carried out mutually by the parties themselves. The pretence that the subsidies were for political education eventually was dropped, and it was generally accepted that the funds were voted to help the parties defray their expenses.

Until 1961, the subsidies amounted to 5 million DM<sup>9</sup> yearly. In 1962, this amount was increased to 20 million DM.

For the 1965 election the allocation from the government was 38 million DM. Each party represented (CDU, CSU, SPD and FDP) received 1.9 million DM, making 7.6 million DM in all. The remaining sum of 30.4 million DM was shared as follows:

CDU/CSU .....	48.2%	14,652,800	DM
SPD .....	39.0%	11,856,000	DM
FDP .....	12.8%	3,891,200	DM

<sup>8</sup> A close student of German politics, Arnold Heidenheimer, adds "...in practice the 'educational' label is basically a fig-leaf for what is in effect a program of direct state subvention of party activities," in Heidenheimer, Arnold J., *Campaign Finance Outside the United States*, paper prepared for the President's Commission on Campaign Costs, Washington, January 1962, (mimeographed) p. 33.

<sup>9</sup> Four DM equal approximately one Canadian dollar.



If the basic sum is added to these amounts, the parties received the following sums in 1965:

CDU/CSU .....	18,452,800	DM
SPD .....	13,756,000	DM
FDP .....	5,791,200	DM

An appendix to one of the applications to the Federal Constitutional Court for the annulment of the subsidy legislation provides statistics on the revenues and expenditures of the three leading German parties for 1963. These figures which are summarized in the following tables may permit a judgment on the relative importance of government allocations to these parties which had risen by 1965 as mentioned above to 38 million DM.

TABLE 1  
REVENUES OF THE LEADING WEST-GERMAN PARTIES FOR 1963\*

	CDU	SPD	FDP
Membership fees.....	3,000,000 DM	14,000,000 DM	1,400,000 DM
Contributions from members of parliamentary groups at all levels.....	500,000 DM	2,700,000 DM	200,000 DM
Donations (received and ex- pected).....	9,000,000 DM	—	1,600,000 DM
Federal subsidies.....	8,000,000 DM	7,200,000 DM	3,100,000 DM
Provincial subsidies.....	3,500,000 DM	3,000,000 DM	1,400,000 DM
Total revenue.....	24,000,000 DM	26,900,000 DM	7,700,000 DM

TABLE 2  
EXPENDITURES OF THE LEADING WEST-GERMAN PARTIES FOR 1963†

	CDU	SPD	FDP
Administrative costs (Rent, mail, office material, inciden- tal expenses).....	2,500,000 DM	3,000,000 DM	1,050,000 DM
Salaries for full-time officers‡....	6,000,000 DM	6,700,000 DM	1,750,000 DM
Current public works.....	8,000,000 DM	7,000,000 DM	1,750,000 DM
Municipal and Landtag pro- vincial elections.....	7,000,000 DM	4,500,000 DM	2,400,000 DM
Political education work.....	—	5,200,000 DM	—
Total expenditure.....	23,500,000 DM	26,400,000 DM	6,950,000 DM

\* Taken from the Appendix to the Application by the Prime Minister of Hesse to obtain the partial annulment of Paragraph 1 of the Federal Budget Law 1965, Wiesbaden, May 10, 1965. *Federal Gazette*: BGBl II S, p. 193. (Translated from the German.)

† *Ibid.*

‡ The numbers of full-time officers vary with parties; CDU:650, SPD:700, FDP:200.



A study of the above tables indicates that the "middle class" CDU/CSU received a substantial income from private donations, largely business sources; however, public subsidies became an increasingly important factor in recent years. The labour-oriented SPD, on the other hand, is principally dependent on membership subscriptions in a manner typical of the European mass-parties of the Left; this helps explain its opposition to public subsidies, which it views as a threat to the enthusiasm of its rank and file members, whose efforts may be replaced by funds received from government sources. The small middle class Free Democratic Party apparently became almost totally dependent on the subsidies; its membership income and donations have declined drastically over the years.

### *B. Control*

In 1964 a written agreement was drawn up between the parties represented in the Bundestag to assure an honest and fair election and to limit party expenditures during the 1965 election period. The parties which consented to the agreement solemnly undertook to run the election campaign fairly.<sup>10</sup> The agreement was valid for one year only, from January 1 to December 31, 1965, and covered the recent federal election. Apart from the general report that the parties made to the President of the Federal Accounting Office, no controls other than those provided by this voluntary interparty agreement existed.

Many Laender (provinces) followed the federal government in establishing subsidy systems. On the whole, the subsidies granted by the Provincial Legislatures to the political parties followed the same practices as those examined at the federal level. In most cases, the parties reported to the head of the Provincial Legislature on the use they had made of the public funds. In one province, the party leaders ruled that the sums of money allocated were not to be used to meet the administrative expenses of the parties. In another province, the contrary was accepted.

### *C. Evaluation and Constitutionality of the System*

The establishment of the subsidy system aroused criticism in various quarters. These were made at different times by both citizens and the political parties themselves. Some observers feared that the subsidies led to the dependence of the political parties upon the state, in place of the earlier reliance on economic interests. The system was set up partly in the belief that it would reduce such reliance, but certain facts indicate the contrary. The FDP, for instance, had been a strong advocate of the subsidy system, since it wanted to free itself of the influence of the Sponsors' Associations which had been its chief financial support.<sup>11</sup> But some observers assert simply that one evil was exchanged for another.

The budget was subject to the control of the governing majority which could at pleasure, depending on the state of its majority and coalition politics, determine the size of the subsidy. In 1962, when the subsidy was increased to 20 million DM, it was alleged that the CDU, the majority party, threatened to change the

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<sup>10</sup> The agreement is reproduced in full in the Appendix to Study No. 1 "Control and Limitation of Election Expenses in Modern Democracies" in Part II of this Report.

<sup>11</sup> The Sponsors' Associations consisted of business and industrial concerns and were the main financial backers of the governing CDU/CSU.

distribution formula in order to persuade the Free Democrats to stop supporting the SPD in a parliamentary dispute over a Defence Department contract.<sup>12</sup>

Last year several parties instituted actions before the Federal Constitutional Court concerning state subsidization of political parties. The All-German Party (DP/BHE) and the Bavarian Party, both of which were not represented in the Bundestag and were consequently excluded from the benefits of the subsidy system, sought funds in their own behalf. In addition, the National Democratic Party, which was also not represented in the Bundestag, desired the discontinuance of subsidies for parties if it did not receive a share. Finally, the Province of Hesse, which was governed by the SPD, also instituted an action before the Court contesting the amount of the 38 million DM subsidy and the manner of its distribution.

The Court rendered judgment on July 19, 1966, supporting the claims of all of these parties.<sup>13</sup> The second Senate of the Court declared that the existing system of subsidies to parties was unconstitutional in principle by its declaration that the state may not allocate funds to political parties for their general political activities. The Court found that it had not been sufficiently proved that the parties would be incapable of fulfilling their duties without partial subsidies from the state. Moreover, the Court declared that the parties themselves have the duty of distinguishing between bad influences deriving from contributors, and good intentions; the parties have the duty, themselves, to resist pressures from bad elements and the Constitution will not protect them from the possibility of such pressures being exerted.

The Court, however, moderated the implication of its judgment in admitting that the state could subsidize the necessary expenditures to permit an adequate election campaign. Nevertheless the Court laid down no guidelines to define which election expenditures would be considered necessary and acceptable. But it declared that such expenses must be directly connected with an election campaign, without stating how the use of these funds was to be controlled. In case the state should allocate funds for election campaign expenses, the Court declared that the principle of equality of treatment and the freedom of political parties must be respected. Consequently, the previous limitation of subsidies to parties represented in the Bundestag may no longer serve as a criterion for the distribution of subsidy funds. This declaration upheld the claims of the small parties on this point. Nevertheless, parties should only be reimbursed for expenses incurred directly for an election campaign. The administrative and operating expenses of parties as well as expenditures incurred for political education and for other political activities would not be reimbursable.

#### D. Conclusion

The Federal Constitutional Court left many principles undefined. It would appear that it wished to demonstrate, by this gap, the need for a law defining the role of political parties in the social and political life of West Germany. The legislators

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<sup>12</sup> Duebber, Ulrich and Gerard Braunthal, "West Germany" in "Comparative Political Finance," *op. cit.* p. 785.

<sup>13</sup> References to the judgment are taken from news reports contained in *Der Spiegel*, *op. cit.*, pp. 17-27, and *Le Devoir*, July 26, 1966. A critical review of the Court's decision was expressed by Rolph Zundel in "Die wirklichkeitsfremden Bundesrichter" (The Unrealistic Federal Judges) *Die Zeit*, North-American edition N.R. 31/21 Aug. 2, 1966, p. 5.

will have to draft a new subsidy scheme. The West German system of direct subsidies is thus still an open question. According to Theodor Eschenburg,<sup>14</sup> the authorities have yet to make a basic attempt to find a remedy to the problems of financing the political parties.

### III. SWEDEN<sup>15</sup>

#### A. Introduction

On December 15, 1965, the government's proposal to allow direct state subsidization of political parties was passed by the Swedish Parliament by 148 votes to 38 with 39 abstentions. Subsequently, the Royal Decree providing for subsidies of 23,000,000 kronor was issued on December 30, 1965. The original aim was to make up the deficit of the party press but this project was abandoned because of the many criticisms that were made. This section is in three parts; the first deals with the types of subsidy that existed before the present Swedish system was adopted; the second discusses the origins of the present system; and the third presents a detailed analysis.

#### B. Direct Subsidization Before the Issue of the Royal Decree

Before the system was adopted there was, properly speaking, no system of direct state subsidization of political parties. However, the state did subsidize the youth movements of political parties under the heading of "education." It also compensated political parties from public funds for the money spent on ballot papers at a general election. Money was also allocated for "information through propaganda"; this money was given to special committees formed in connection with referenda on particular questions.

##### 1. Subsidies for Political Youth Movements

On June 4, 1964, the government decided that political youth movements should receive public funds to be used as they thought fit. To receive a subsidy these organizations had to meet certain requirements: 1. they had to be based on and function according to recognized democratic principles, and openly support the democratic ideal; 2. they had also to encourage activities with the aim of

<sup>14</sup> Eschenburg, *op. cit.*, *passim*.

<sup>15</sup> The material on the Swedish subsidy system and the events leading to its adoption have been gathered principally from the following sources:

*The Swedish Press Review*, *passim*, issued periodically by the British Embassy, Stockholm.

*Report of the Constitution Committee on the Government Proposal of Government Subsidies to Political Parties, Including Motions*. Appendix to the Protokoll of the Riksdag, No. 44, 1965, (translated from the Swedish original by the Committee on Election Expenses).

*The Government's Proposal to Parliament re Subsidization of Political Parties*: issued from the Royal Palace, Stockholm, Nov. 5, 1965, (translated from the Swedish original by the Committee on Election Expenses), (Appendix to the Protokoll of the Riksdag, No. 174, 1965).

*Royal Decree on Subsidies to Political Parties*, issued at Stockholm Palace, December 30, 1965, (translated by the Canadian Embassy, Stockholm).

Andren, Nils, *Modern Swedish Government*, Almqvist and Wiksell, Stockholm, 1961; and his *Government and Politics in the Nordic Countries, Denmark, Finland, Iceland, Norway, Sweden*, Almqvist and Wiksell, Stockholm, 1964.



promoting understanding between people; and finally, 3. they must have at least 3,000 members between 12 and 25 years of age.

Allocations were made in proportion to the number of members and local branches affiliated to these organizations. Youth movements receiving subsidies have to submit a report of their activities to the National Education Committee which, in this way, exercises a certain measure of public control. There is nothing to prevent a youth movement using these subsidies for political information and propaganda.

In the fiscal year 1965-66 allocations totalling 3,666,000\* kronor were made to 41 youth organizations of different kinds. Of this group, youth movements affiliated to democratic political parties received:

Federation of Young Conservatives .....	105,000	Kr.
Federation of Centre Party Youth .....	220,000	Kr.
Federation of People's Party Youth .....	85,000	Kr.
Federation of Young members of the Swedish Social Democratic Party .....	200,000	Kr.

## 2. Subsidies for Special Election Expenses

(a) *Ballot Papers.* By the terms of the electoral law, voters have to supply their own ballot papers in both parliamentary and municipal elections. At election time there should in principle be ballot papers at the polls, but in practice voters normally use ballot papers which are provided by the political parties.

By virtue of the *Parliamentary Elections Act* of November 26, 1920, No. 796 (section 97); the *Municipal Elections Act* of June 6, 1930, No 253 (section 60a); and the Proclamation of May 21, 1964, No. 395, on the subject of indemnities for expenditures on ballot papers, all Swedish political parties represented in Parliament have the right to an indemnity from government funds for expenses incurred in the printing of ballot papers. Expenses involved in the distribution of these ballot papers are not indemnified.

A maximum of 6 kronor is allowed for every 1,000 ballot papers and the number of ballot paper for which an indemnity is claimed must not exceed a number corresponding to five times the total number of electors at the election.

In the 1964 election for representatives to the Lower House, the political parties received the following compensation for printing ballot papers:

Conservative Party .....	138,853.60	Kr.
Centre Party .....	134,262.68	Kr.
People's Party .....	123,073.28	Kr.
Social Democratic Party .....	152,860.74	Kr.
Communist Party .....	86,772.00	Kr.

Total .....	635,822.30	Kr.
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(b) *Plebiscites.* On certain occasions, the Swedish Parliament also assists parties in another way. Special propaganda committtes receive allowances for information campaigns when a referendum is to be held on questions of general interest. Thus, in 1955, two million kronor were allocated to defray expenses incurred for the vote, i.e., the cost of the ballot papers. In 1957 there was another referendum on the question of pensions. Parliament allocated 6 million kronor on that occasion.

\* (Five kronor equal approximately one Canadian dollar.)



### 3. Conclusion

These different subsidies are not direct subsidies given to political parties for their expenses, and are not considered to be a form of government financial support for the opinion-forming activities of the political parties. They are rather a type of indirect subsidization of electoral activities.

### C. *Origins of the System of Direct Subsidies*

#### 1. *The Recommendations of the Press Analysis Committee*

Although a special committee of experts under the Department of Justice examined the question of public accounting of the financing of political parties in the years 1951-56, it refused to recommend any steps which would be considered interference in the internal affairs of political parties. However, in recent years Swedish newspapers, particularly the party press, have faced increasing financial difficulties.

A Committee was set up in the autumn of 1963 to study the development of the party press during the postwar period, and its situation at the time the committee was formed. Its report, presented in March, 1965, had the title: "The economic conditions of the daily newspapers."<sup>16</sup> The Committee proposed that the government should subsidize the press through grants to political parties represented in Parliament. The Committee believed that such subsidization would ensure that competition would be maintained between newspapers and thus encourage a wider and more diversified discussion of topics of public interest. It suggested that an annual subsidy of 25 million kronor should be distributed among the political parties. To receive this subsidy a political party must have gained representation in the Lower House in the last two elections.

The amount of the subsidy was to be calculated on the basis of the total number of votes obtained by each party in the last two elections for the Lower House, and the subsidy would thus be proportional to the real support for the party among the electorate. The administration of the money received was to be left to the management of the papers. No restrictions were to be placed on the use of the funds. However the paper had to appear at least four times a year. The only control to be exercised was to have been on annual audit by two chartered accountants, one appointed by the administrators of the subsidy and the other by the party concerned.

However, the partisans of the press subsidy proposal met strong opposition, and it was withdrawn when it became clear that those opposing it were in a majority.

#### 2. *The Banking Committee*

The problem of party finance continued to exercise Swedish political leaders. The problem was referred to the Banking Committee of the Riksdag. On December 1, 1965, this Committee produced a report in which it recommended that government subsidies should be given to the central offices of parties represented in Parliament. These subsidies would be 3,000 kronor a year for each seat held by a political party represented in the Cabinet, and 4,500 kronor a year for each seat held by the other parties. The total estimated cost was set at 1.5

<sup>16</sup> *Report of the Constitutional Committee on the Possibility of Subsidizing the Political Parties from Public Funds.* No. 44, p. 2.

million kronor. The justification offered for this subsidy was that it would be for the improvement of the working conditions of the Members of Parliament.

### *3. The Proposals of the Government and the Constitution Committee*

On November 5, 1965, the Swedish government proposed the establishment of an annual subsidy for political parties beginning in 1966, at a total cost to the public treasury of 23,000,000 kronor. These subsidies were not to be limited simply for aid to the party press. The proposal was then referred to the Constitution and Appropriations Committees of the Swedish Parliament.

The final stage in the discussion of the subsidy proposal was the Constitution Committee, which was the last to consider the question before it was presented to Parliament by the Minister of Justice. The Committee attempted to make a synthesis of the arguments in favour of a subsidy and the principles which it should embody. The committee accepted the four basic principles laid down by the Government for the drawing up of a system of direct state subsidization. These principles were drawn from proposals made to Parliament, as follows:

1. Assistance would be given only to those parties which have considerable support among the electorate, as shown by the results of general elections.
2. Subsidies should be calculated according to a system and distributed according to definite rules which would not permit any arbitrary changes.
3. The amount of the subsidy should be calculated with respect to the support for the party among the electorate.
4. The state should not exercise any control over the use made of these funds.

The Committee considered that there were sound reasons for establishing a system of direct state subsidization of political parties. It appeared incontrovertible that it had become very difficult to finance the expenses incurred in shaping public opinion with the aid only of private contributions to the parties. The Committee thought it desirable to establish a system of direct subsidization on the basis of the above principles.

The government proposal was approved by Parliament on December 15, 1965, and embodied in a Royal Decree on December 30, 1965. A sum of 23,000,000 kronor was placed at the disposal of the National Debt Office for administration and distribution to the parties along the lines approved by the Riksdag.

### *D. Content of the Legislation*

The legislation set out four criteria, summarized above, as the basis for the distribution and control of the funds voted by Parliament.

Subsidies are given to those parties which receive considerable support from the electorate as shown in the general elections. A political party wishing to profit by the subsidy must prove that it is represented in Parliament and had seats after the last election to the Lower House. Because of the present distribution of constituencies, and the system of proportional representation, a party can win a seat in the Lower House with few votes. The law therefore sets a minimum limit: a political party must obtain at least 2% of the vote in order to share in the subsidy.

The subsidy is calculated and distributed according to rules which do not permit arbitrary changes. For example, the rules provide for a reduction in a party's right to the subsidy following a split of the party into two new parties, or for an increase in subsidy following the amalgamation of two parties into one.

The amount of the subsidy is proportional to a party's strength in Parliament. The amount of the subsidy corresponds to a fixed sum for every seat held by a party in the two Chambers. This amount per representative is 60,000 kronor. The subsidy will be revised each year in the month of February to determine the amount due each party for the year, according to the number of seats held in the two Houses.

The state does not exercise any control over the use of the subsidies.

The legislation provides for a Committee to handle the administration, interpretation and application of the legislation. The committee must be impartial and must not at any time supervise the use of the grants or act as the government's intermediary for this purpose. The members of the Committee are appointed by the directors of the National Debt Office. They receive an appropriate salary and are appointed for 6 years. The Committee is made up of three members who occupy or have occupied high judicial positions. Persons who have held confidential positions in politics are not eligible to be members of the Committee.

The Committee is responsible for calculating the amounts to be allocated to the political parties requesting subsidies. It must verify whether the political party wishing to receive the subsidy fulfils the necessary requirements to be considered a qualified political party. In addition, to avoid confusion, the administrative expenses of the Committee are paid directly out of a special fund other than that allocated for subsidies. The National Debt Office appoints a Secretary who sits on the Committee and handles its financial details.

TABLE 3  
ALLOCATION OF SUBSIDIES TO PARTIES IN 1966

Political Party	Number of Seats in 1966	% of the Vote in the 1964 Elections to the Lower House	Subsidy
Conservatives (H) .....	59	13.7	3,540,000 Kr.
Centre (C) .....	53	13.4	3,180,000 Kr.
People's (Fp) .....	69	17.1	4,140,000 Kr.
Socialist (S) .....	192	47.3	11,520,000 Kr.
Communist (K) .....	10	5.2	600,000 Kr.
Medborgerlig Samling (MBS) ....	1	1.5	—
Ovriga (others) .....	—	1.8	—
Total .....	384	100.0	22,980,000 Kr.

Since the Swedish system of direct subsidies in its present form has been in existence for less than a year, it is not possible to make an evaluation of its effectiveness. Suffice it to say that the financial problems of the party-sponsored newspapers continue. For example, a leading journal of the governing Social Democratic Party ceased publication at about the time the subsidies were adopted.



#### IV. PUERTO RICO <sup>17</sup>

Puerto Rican politics have been dominated by the Island's relations with the United States. The dominant Popular Democratic Party (PDP) supports the present Commonwealth status; the second largest group, the Statehood Republican Party (PSR) promotes the idea of American statehood and is a successor of one of the associates of the pre-1940 coalition which had the support of conservative elements of the Puerto Rican community; the Independence Party (PIP) and the Nationalists favour the achievement of outright autonomy by more or less peaceful means.

For a long time the political life of Puerto Rico had been influenced by the great financial interests, notably the sugar industry, which supported the pre-1940 governments. Corruption, especially the practice of buying votes, had become an institution. In 1940 the Popular Democratic Party led by Luis Muñoz Marín gained power with the slogan "Personal Dignity against Money" ("Vergüenza contra Dinero"). This Party launched a program of political, social and economic reforms. To finance its election campaigns, however, the PDP turned to the system of quotas on government employees which had existed before 1940. Each government employee had to contribute a minimum of 2 per cent of his salary to the Party's electoral fund. Nevertheless, the PDP never reconciled itself to the quota system which it had opposed prior to gaining power. After a number of years in which various solutions were sought to replace the questionable macing system, the PDP during the election campaign of 1956, proposed the enactment of a system of direct subsidies by the state to political parties.

The result of the election of 1956 encouraged the PDP to proceed with its proposals. The Statehood Republican Party supported the PDP after the latter had agreed to amendments prohibiting the collection of funds from public employees for political purposes in their place of work or outside government premises. On the other hand the Independence Party, in contrast to the wealthy Statehood Republican Party, which apparently stood to gain from the new law, opposed its passage. Its reason apparently stemmed from its particular ideology which preaches independence for Puerto Rico. Some Independence leaders felt that to accept favours from Muñoz Marín would be to admit weakness; others claimed that acceptance of state funds would mean the subordination of political parties to the power of the state, rather than freedom from large financial interests.

##### A. *The System Described*

The Puerto Rican system is provided for and governed by a law passed on June 30, 1957. Since then there have been major amendments to the law in 1958, 1960 and 1964. In the preamble to the 1957 law<sup>18</sup> the reasons for its creation are stated. Each of these reasons is founded on the democratic principles which are the basis of every democracy. The first is that political parties are necessary since they are instruments of democracy. The second states that it is in the public

<sup>17</sup> The most detailed studies of Puerto Rican election finance are by Henry Wells; see his *Government Financing of Political Parties in Puerto Rico*, Citizen's Research Foundation, Study No. 4, Princeton, N.J., 1961, 43 pp; and his "Paying for Elections", *National Civic Review*, Vol. LIII, Nov. 1964, pp. 540-544.

<sup>18</sup> *Election Fund Act*, No. 110, approved June 30, 1957.



interest that parties should be independent of any control by economic forces. The preamble of the Act concludes briefly that large contributions to political parties must be prohibited and that the parties should, moreover, be given financial support from public funds so that they can carry out their essential functions properly.

The Act itself may be divided into three parts: 1. the use of public funds to finance the parties' activities; 2. limitations on the amount of private contributions; 3. restrictions on demands for such contributions from public servants.

Section 2 of the Act sets up a public electoral fund in the Treasury of the Commonwealth of Puerto Rico. The "principal" political parties are authorized to draw money from this fund for legitimate expenses. (A "principal political party" is defined as one which has fought a general election with candidates in every riding in Puerto Rico with the result that it has kept its status as a principal political party and has won representation in the legislature. To be a principal political party, a party has to be duly registered and to have gained at least 10% of the votes cast for Governor in the last general election).

According to the 1957 Act, in each year when there is no general election a party may receive up to \$75,000 for expenses from the public election fund; in a general election year the figure is doubled and the party may receive up to \$150,000<sup>19</sup> for expenses. If, during the three preceding years, the party has spent only part of its regular \$75,000 allocation, the balance accumulates and the amounts thus obtained may be used for expenses in the general election.

The system operates on a four year cycle. The beginning and the end are general election years. At the end of an election year, any balance remaining from the allocations is automatically transferred to the general treasury of the Commonwealth government. Accounts for the preceding period are closed and a new cycle begins. The parties are then entitled to draw the annual allocation of \$75,000 from the electoral fund for the next three years. All start on an equal footing in regard to the subsidy from the public electoral fund.

Besides this, the Act defines what are legitimate expenses for a principal political party. Parties are authorized to withdraw money from the public electoral fund for a wide variety of "administrative and operational expenses." Examples illustrating such expenses are given in the Act, and the list concludes with a general item "all other similar expenses."

Rental of central offices; telephone and telegraph services in Puerto Rico; office supplies and equipment; light, water, and power service; radio broadcast, telecast and moving pictures for propaganda in Puerto Rico; travel expenses within Puerto Rico in political missions, and political advertisement in Puerto Rican newspapers; printing of party programs; postage, distribution and transportation of propaganda material in Puerto Rico relative to the political campaign or the election in Puerto Rico; expenses for general and special elections, referendums, primaries, conventions, assemblies, and registrations in Puerto Rico; printed matter, recordings, political propaganda material, symbols, flags, political propaganda films to be exhibited in Puerto Rico, and printing of political newspapers for circulation in Puerto Rico, including equipment, materials and machinery for the production thereof, and all such other expenses thereby incurred to implement and carry out in Puerto Rico the provisions of such sections.<sup>20</sup>

<sup>19</sup> United States dollars are legal tender in Puerto Rico.

<sup>20</sup> *The Election Fund Act*, No. 110, section 5, approved June 30, 1957. A consolidation of the Puerto Rican Elections Legislation except for the latest amendments is contained in *Puerto Rico Election Laws*, reprinted from Title 16, *Laws of Puerto Rico Annotated*, Commonwealth Board of Elections.

The Act also lays down certain formalities that have to be gone through before the political parties can draw money from the public electoral fund. Copies of bills and vouchers signed by the party secretary and treasurer are sent to the Secretary of the Treasury, who immediately authorizes direct payment to the party's creditors for services or goods supplied. A special disbursing officer administers the fund and pays bills directly. However, during general election years the parties are permitted to pay in advance and seek reimbursement from the fund later. Each party must also keep a record of the expenses which are chargeable to the public electoral fund and present a monthly report to the Secretary of the Treasury and the Commonwealth Controller within ten days of the following month on pain of being refused repayment until such reports are presented.

Repayments are made to the party without a preliminary check being made, but the Controller makes a post-audit every two years. If there have been irregularities, the secretary and the treasurer of the party who signed for the expense are held responsible for the disputed amount. However, if a party is dissatisfied with the treatment it has received in the application of the law, it can complain to an Advisory Committee on which the principal political parties are represented. The members of this Committee are appointed by the Secretary of the Treasury after consultation with the party chairmen.

### *B. Limitations on Private Contributions*

The Act has fixed limits to voluntary private contributions for political purposes. A distinction is also made here between general election and non-election years. During non-election years, a person or corporate body may contribute to any party. However, contributions to local or central party funds may not exceed \$200 in each case, and the annual contribution to both levels must not exceed a maximum of \$400. In an election year any person may make a contribution not exceeding \$300 to the local committee in the town in which he lives or to the central committee of the party of his choice or to both bodies. If he contributes to both, the two contributions must never exceed a total of \$600.

Contributors may not give money directly to a candidate, but if they wish their money to be used by one particular candidate they may specify this to the local committee which receives their contributions. If they wish to contribute to an organization which aims to have a particular candidate elected or a particular party brought to power, their contributions are equivalent to contributions to a party and may not exceed the limits laid down by law. The treasurer of each party and each municipal committee must attest under oath to the Secretary of the Treasury on the last day of December at the latest that no contributions have been received which exceeded the limit laid down by the Act.

The Act also provides for the protection of government employees against solicitation during working hours. No one may ask a government employee for contributions for political purposes in buildings and any other places where government activities are carried on. In addition, government employees themselves, wherever they are, may not solicit contributions for political purposes. Violation of this provision constitutes an offence. Anyone contravening it is liable

to loss of civil rights and disqualification from holding any electoral post or any position in the government service of the Commonwealth of Puerto Rico. Violation of these and other provisions constitutes an offence punishable by at least 6 months' imprisonment and a fine of at least \$1,000 as well as the loss of rights and the disqualification mentioned above.

### C. The 1958 Amendment <sup>21</sup>

During the Act's first year, the Independence Party did not draw any of the \$75,000 put at its disposal by the passage of the Act. Fearing that the PIP might be waiting for the next general election to take advantage of the Act, and that it might then withdraw the total sums accumulated between 1957 and 1959 (\$225,000) and use them in the election year, the Popular Democratic Party and the Statehood Republican Party decided to amend the relevant part of the Act. The amendment laid down that the principal political parties could not accumulate more than 50% of their annual allocation of \$75,000 in non-election years. To this end the amendment laid down conditions: a party will be entitled to accumulate balances remaining from the annual allocation only from the month in which the party takes advantage of the benefits of the Act, and only up to a maximum of 50% of the proportional part of the allocation. In more concrete terms, this means that to be entitled to accumulate the sum of \$37,500 (50% of the annual allocation) the party must start drawing on public funds in January. A party which makes its first withdrawal from the electoral fund only in December cannot accumulate more than \$3,125. Since December is the twelfth month of the year, the total possible amount will be the sum obtained from calculating half of  $\frac{1}{12}$  of \$75,000, i.e., half of \$6,250. As soon as a party has made a withdrawal from the public electoral fund, it is recognized as having taken advantage of the Act under the terms of the provision. From that time it is entitled to accumulate money not spent on a proportional basis according to the terms of the amendment.

The 1958 amendment also strengthened the restrictions of the 1957 law by adding that it is illegal for anyone to solicit, receive, or agree to receive, a contribution exceeding the prescribed limits in favour of, or in the name of, any party whatever.

### D. The 1960 Amendment <sup>22</sup>

This amendment confined itself to defining the term "contribution." It states that the term covers any gift whether monetary or not, subscriptions, loans, advances, transfers or deposits of money or of any other valuables, including contracts, promises or agreements (whether legally enforceable or not) to make a contribution; a contribution is also any payment or repayment for services of any nature rendered by someone to a party or a candidate. However, the term does not cover money borrowed directly by recognized and authorized official agents of a party from a recognized bank.

<sup>21</sup> Amendment to the *Election Fund Act*, No. 137, approved June 30, 1958.

<sup>22</sup> Amendment to the *Election Fund Act*, No. 135, approved July 19, 1960.



### E. The 1964 Amendment<sup>23</sup>

In the general election of 1960, the Popular Democratic Party had noted a general rise in campaign costs. At the beginning of 1964 it anticipated a similar situation for the forthcoming general election. The 1960 election forced the party to adopt emergency measures, and to collect more funds even by violating the terms of the Act through the disguised re-establishment of a quota system. To avoid the recurrence of such a situation, the PDP proposed an amendment which considerably increased the allocations from the public electoral fund to the principal political parties in a general election year, and reinforced the provisions of the Act respecting reporting and limitations.

It was agreed that instead of the \$150,000 basic allocation which had formerly been granted in election years, money would be allocated for three types of expense: general administration and operating expenses of the parties; electoral campaign expenses; and expenses arising from the transport of voters. Each party is now entitled to \$75,000 to defray its expenses such as office rent, telephone and telegraph services, water, electricity and office equipment. This money may also be used for campaign expenses and propaganda. Unspent balances may be accumulated up to a maximum of 50% to be determined on the basis of the month of the year in which it avails itself of the benefit. Each party receives an additional basic allocation in election years of \$75,000 for election campaign publicity costs. A minimum amount of \$150,000 in election years is thus available to principal parties.

The parties may also receive a proportional share of an enlarged election fund which was increased to \$800,000 for the 1964 election. (A new amendment will be required for subsequent elections since this amendment was made applicable only to the last election). The amount of each share is determined after the general election because it depends on the percentage of the total vote which each party gains. However, the basic \$75,000 allocated for election purposes must be deducted from this proportional share. But a party's basic share may not be less than \$75,000. For example, a party gaining 50% of the total vote would be entitled to 50% of \$800,000 (i.e., \$400,000) less \$75,000; therefore, it would receive a net allocation of \$325,000 for this category of expense. On the other hand a party which gained only 5% of the total vote would be entitled mathematically to a proportional share amounting to only \$40,000, but in this case the party would receive the minimum allocation of \$75,000.

Each party is also entitled to a minimum allocation of \$12,500 to defray the cost of transporting the voters on election day. And, as in the previous category, each party is also allocated a proportional share of a special transportation fund of \$200,000. The share is calculated in the same way as above.

When the total credits granted are insufficient to cover the credits computed on a proportional basis, the Secretary of the Treasury is authorized to cover the deficiency from any available fund in the Treasury.

The 1964 amendments strengthened the *Election Fund Act* by demanding that political organizations and candidates submit reports on their incomes and

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<sup>23</sup> Amendment to the *Election Fund Act*, No. 91, approved June 26, 1964. The impact of these changes is discussed in: Wells, Henry, "Paying for Elections", *National Civic Review*, Vol. LIII, Nov. 1964, pp. 540-544.



expenses. These reports have to be presented to the Commonwealth Board of Elections four times a year and must give:

the name and address of each contributor and the date and amount of the contribution, as well as the amount, the date and the reason for each disbursement, obligation or expenditure, and the name and address of the person in whose behalf the payment was made or the obligation incurred.<sup>24</sup>

The opportunity was also taken to increase further the protection given to government employees against solicitation.

It shall be illegal for any person directly or indirectly to solicit from any public officer or employee any contribution whatsoever for political purposes, save that the solicitation of funds for political purposes made by mail or by means of advertisements in newspapers, television and radio programs, and billboards, provided same are not posted in buildings of the government and its instrumentalities, municipalities, public corporations and their subsidiary corporations, or other places where activities of the Commonwealth are habitually held, shall not be considered as a violation . . . .”<sup>25</sup>

### F. The System in Operation

The reports of the Controller of Puerto Rico reveal that during the period from 1957 to 1960<sup>26</sup> (year of the general election), withdrawals from the electoral fund rose steadily.

TABLE 4  
WITHDRAWALS FROM PUERTO RICO ELECTORAL FUND\*

Political Party	1957	1958	1959	1960
	\$	\$	\$	\$
PDP.....	14,957.24	39,698.45	74,589.70	245,736.05
RSP.....	16,209.80	38,798.09	63,956.82	256,015.47
PIP.....	—	—	115.00	155,753.41
Total	31,167.04	78,496.54	138,661.52	657,504.93

\* Derived from Controller's Report of March 24, 1959, on Election Fund Audit No. DA-59-29, p. 4, and Report of May 2, 1961, on Election Fund Audit No. DA-61-33, Appendix 1.

The experience of the period from 1957 to 1960 reveals that allotments of sums from the fund are varied, but that the major portion goes for advertising and publicity. Nearly 2/3 of the total subsidy is set aside for this kind of expense. Expenses for office rental as well as those for equipment and supplies of offices rank far behind.

<sup>24</sup> Amendment to the *Election Fund Act*, No. 91, approved June 26, 1964, section 3 (f).  
<sup>25</sup> *Ibid.*, section 7 (c).

<sup>26</sup> Since the 1964 election costs have not yet been audited by the Controller, no figures are available for publication, but see Table 6 below for estimates of 1964 withdrawals.

TABLE 5  
BREAKDOWN OF REIMBURSEMENTS FROM THE ELECTORAL FUND  
1957-60\*

	PDP	RSP	PIP
	\$	\$	\$
Rental of office space.....	18,566.70	6,589.05	1,860.00
Telephone, telegraph.....	4,922.72	610.93	92.76
Office supplies and equipment.....	13,353.21	4,731.08	505.30
Advertising.....	247,619.07	310,617.56	48,587.33
Travelling expenses.....	4,702.69	4,356.20	321.21
Automobile expenses.....	3,925.14	—	368.94
Other.....	81,910.47	48,095.18	104,618.46
Total	375,000.00	375,000.00	156,365.00

\* Table drawn from Wells, Henry, *Government Financing Political Parties in Puerto Rico*, p. 23.

Although the statistics for the 1964 election are not available, some notion of the results of the 1964 amendments may be gathered by applying the new formula to the 1960 election results as in the following table.<sup>27</sup>

TABLE 6  
ESTIMATED ELECTORAL FUND  
REIMBURSEMENTS FOR THE 1964 ELECTION

	PDP	RSP	CAP*	PIP
Percentage of the vote.....	58%	32%	7%	3%
General administration expenses.....	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000
General expenses for the election campaign.....	\$389,000	\$181,000	\$ 75,000	\$ 75,000
Expenses for voter transportation.....	\$103,500	\$ 51,500	\$ 12,500	\$ 12,000
Total	\$567,500	\$307,500	\$162,500	\$162,500

\* Christian Action Party. A short-lived party which was active in the 1964 election.

Clearly there has been a large increase in public funds put at the disposal of the political parties. In 1960, the state spent a total of \$450,000 through the public election fund. The state must have spent about \$1,200,000 in 1964. The Independence Party (PIP) and the Christian Action Party (CAP), which were legally ineligible, were given a special grant for the 1964 election only.

<sup>27</sup> Wells, Henry, "Paying for Elections", p. 543.

### *G. Evaluation of the System*

Impartial observers<sup>28</sup> agree that the Act has been applied and administered without prejudice by officials in the Treasury Department and the Controller's Office. It seems that the Popular Democratic Party did not take advantage of its position. However, according to some people, the availability of public funds has affected the morale of the party organization; this is especially true of the PDP. Apparently some party members feel that the existence of the electoral fund has made their participation in party activities less important. This is especially the case at the local level where the party is finding it more and more difficult to arouse voluntary assistance and interest. The long term effect on popular parties such as the PDP may be to transform them gradually into parties of notables of the cadre type.

The establishment of the public electoral fund has had the effect of diminishing private contributions. However, there have been advantages since the parties have been forced to work out budgets. Surprisingly, the system has not stimulated the creation of new parties; this is probably because of the strict rules which govern whether a party can benefit from the electoral fund.

The Committee on Election Expenses sent its Research Director to Puerto Rico in the month of December 1965, to collect the opinions of various individuals on the subject and to observe whether the intended goals had been achieved.

Among the people he interviewed were:

The Honourable Roberto Sánchez Vilella, Governor of the Commonwealth of Puerto Rico and leader of the Popular Democratic Party.

Mr. Luis Muñoz Marín, Senator and former Governor.

Mr. Luis Ferré, member of the House of Representatives and leader of the Statehood Republican Party.

Mr. Ernesto Mieres Calimano, President of the Commonwealth Board of Elections, which sees to the application of the legislation.

Mr. Justo Nieves, Controller.

Mr. Efrain Muñoz Bocanegra, Assistant Secretary of the Treasury, responsible for the distribution of the Public Electoral Fund.

Dr. Robert Anderson, Professor and head of the Department of Political Science at the University of Puerto Rico.

The information gathered at these meetings leads to the following conclusions. The party leaders all display increasing concern over the consequences which application of the legislation has had on their parties and their members. They note a general decline of interest on the part of the members and a drop in private contributions. The Popular Democratic Party officials attribute the following effects to the existence of the electoral fund.

1. Increased election costs for the party, which are due not only to the normal rise in expenses but also because people now refuse to work without pay for the party.

2. Loss of members' enthusiasm for their party. Whereas people formerly worked voluntarily for the party during elections, now they want to be paid and are thus interested in the party to the degree that they gain from it. This has also tended to lead to a bureaucratization of the party structure.

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<sup>28</sup> Confidential documents in the files of the Committee on Election Expenses.

3. A loss of control over party expenses has been noted since the election fund was created; members have been careless about expenses because they feel that the party is assured of having funds.

To avoid these ill effects, several solutions are proposed by leaders of Puerto Rican parties. To counteract the decline in interest in the party on the part of the members, it has been suggested that regular monthly contributions be established. Others too have suggested that sums contributed to political parties be tax deductible so as to stimulate donations. In order to encourage political discussion, reduce costs to parties and arouse the public interest, others have proposed that the government allocate free periods on radio and television so that the parties may make broadcasts. The political parties are in danger of finding themselves in a precarious financial position if the tendency of members to demand payment for their services continues. It has therefore been suggested that the payment of poll workers and members of local election boards be assumed by the Commonwealth.

Despite these doubts and criticisms, Puerto Rican political leaders are all agreed that the establishment of the electoral fund eliminated the glaring abuses which existed under the older systems of dependence on the sugar interests, on the one hand, or the government employee quota system, on the other. This view is confirmed by outside observers.

## V. GENERAL CONCLUSION

Three democracies have adopted systems of direct subsidies as a means of solving the problem of political financing. It is not the task of this study to decide whether this solution is the best. These systems are all new, having been adopted by Puerto Rico in 1957, by Germany in 1959, and by Sweden in 1965. A comparison with the one recently adopted by the Province of Quebec may clarify the adaptability of such formulae to the Canadian electoral system.





# 6

## THE PATTERNS OF CANADIAN PARTY FINANCE

### PREFATORY NOTE

At the outset of its work, the Committee on Election Expenses decided that its terms of reference obliged it "to investigate how political funds are raised in Canada, the existing techniques under which funds are collected and how they are spent" (Committee Minutes, February 6, 1965). Realizing that in so doing it was entering a largely uncharted and delicate area, the Committee commissioned the preparation of a number of research papers on Canadian party finance by its own staff and several outside experts. The present study was written by the Committee's research staff and is a digest and crystallization of the highlights contained in the aforementioned papers. The traditional obscurity of the topic and the lack of dependable and easily accessible material have been partially overcome by recourse to personal and public archives, biographies, memoirs, contemporary newspaper reports, personal interviews and such secondary sources as university dissertations and works by recognized historians.

Every care has been taken to establish the accuracy of the information; references to past and present, active and inactive, political figures have been carefully checked. This study is reproduced in the belief that any weaknesses that may remain should not, and will not, detract from its usefulness as a portrayal of the state of party finance in Canada. The reliability and the authenticity of the interpretation offered here rests finally on the integrity and reliability of the research staff whose efforts are embodied in this study.

### I. INTRODUCTION

A knowledge of the financial practices of Canadian political parties is an essential prerequisite for making meaningful recommendations for the control of federal election expenditures. Similarly the need for increased assistance to, or curtail-

ment of, campaign funds depends on an estimate of the sources and amounts of the national parties' campaign funds. Knowledge of the parties' fund-raising and expenditure patterns may assist in understanding what impact controls may have on a party's structure.

This study attempts to delineate the fund-raising structure of the various parties, the sources of their funds, the fund-expending structure, and the objects and amounts of the expenditure. The emphasis throughout this study is on the patterns rather than the details of party finance. The study is based on material prepared by the Committee's research staff, and papers written especially for the Committee by Professors M. Stein<sup>1</sup> of Carleton University, Ottawa; J. L. Granatstein<sup>2</sup> of York University, Toronto; and Hugh A. Halliday,<sup>3</sup> a graduate student at Carleton University.

## A. *The Early Patterns: Confederation to 1920*

### 1. *Party Structure*

At the time of Confederation in 1867, there were no truly national political parties. The structure of political parties possessed a significantly different form than it was to assume later in the twentieth century. Many of the differences can be traced to the differing social and economic framework of the time. The legal framework within which elections were held also had an important impact. As Escott Reid points out in "The Rise of National Parties in Canada":

To understand Canadian politics during the first quarter century or so of the Dominion's history one must constantly bear in mind certain differences between the conduct of general elections then and now. The two most important points of difference are that in the first three general elections, those of 1867, 1872 and 1874, voting was open throughout all the provinces and the polling in the various constituencies did not take place at the same time. . . .

Deferred elections and open voting are important in a study of the rise of national political parties in that they make it possible for government to exercise a great measure of control over the results of elections—and the greater this control of government over elections, the weaker are political parties. . . .

National political parties certainly did not exist under the Macdonald government from 1867 to 1873. Confederation saw group government established at Ottawa.<sup>4</sup>

Those who wanted favours from the government, for themselves or for their constituency, wished to have their vote recorded on the winning side; partisanship, as we now understand it, was therefore not much favoured. Such persons were "loose fish" or in Reid's phrase, "ministerialists", whose politics were not to support a party but a ministry. Under delayed voting, the government could begin first to contest the safe seats, then the marginal, and finally those in which the

<sup>1</sup>Stein, M., "Financing the Ralliement des Cr ditistes."

<sup>2</sup>Granatstein, J. L., "Conservative Party Finance, 1939-45."

<sup>3</sup>Halliday, H. A., "The Finances of the National Social Credit Party, 1945 to 1958," obtained from the Solon Low Papers, unpublished typescript in the files of the Committee on Election Expenses.

<sup>4</sup>Reid, Escott M., "The Rise of National Parties in Canada", in H. G. Thorburn, ed., *Party Politics in Canada*, Toronto, Prentice-Hall, 1963, pp. 14, 16.

Opposition was strong, creating the impression that the government side was the winning one, and thus influencing the choice of the ministerialists. As Reid puts it: "The illusion of victory would create victory."<sup>5</sup>

After the reform of the electoral system in 1874 and the election of 1878 in which the secret ballot was used and simultaneous voting made more general, the party system gradually began to take greater hold. It was slower to come in the Maritimes, and especially in the West, where a combination of delayed balloting and a desire for the completion of the railway resulted in the prevalence of ministerialism over partisanship as late as 1896.<sup>6</sup>

The necessity of having to command the support of a majority of the Members of Parliament in order to have a particular scheme of legislation, or even a single bill passed, forced the leaders of Canada's early Parliaments, notably Sir John A. Macdonald and Sir Georges Etienne Cartier to weld the Members of Parliament into large, viable political units. By the eighteen-eighties the unstable majorities which had been supporting the early governments<sup>7</sup> in Canada's federal Parliament were dividing into two basic groups, from which emerged the present-day Liberals and Conservatives, the two political parties which dominated federal politics in Canada until World War I.

Significantly, these two parties were parliamentary groupings formed to achieve and maintain a viable parliamentary majority under single or joint leadership. In other words, the two major national parties were formed primarily as instruments to control Parliament, and not necessarily as instruments of representation. The weakness of partisanship in the early period of Confederation is of some significance for the history of money in politics, since party structures were disorganized and amorphous, not only with regard to their purely political functions, but also with regard to fund raising.

## 2. Fund Raising

With parties weak and indistinct entities, there existed no permanent party organizations and no party clubs as in England; specialized fund-raising structures were non-existent. Funds thus had to be collected and distributed by the party leaders.<sup>8</sup> The duty of raising money put a heavy burden on the party leadership, and when Sir John A. Macdonald and his Quebec lieutenant accepted money from Sir Hugh Allan, who was bidding for the government contract for the Pacific Railway, the party leadership could not dissociate itself from the scandal. As Macdonald said in self-justification to the Governor General at the time:

It has been stated in the English press that I should not have mixed myself up in these money matters, but should have left it to our Carleton and Reform Clubs. This may be true, indeed is true, if such clubs existed; but, as a matter of fact, the leaders of political parties have always hitherto acted in such matters, and there can be no special blame attached to a leader for continuing the invariable practice on this occasion.<sup>9</sup>

<sup>5</sup> *Ibid.*, p. 15.

<sup>6</sup> *Ibid.*, pp. 18-20.

<sup>7</sup> For a discussion of the emergence of partisanship in the Canadian House of Commons, see Ward, Norman, *The Public Purse*, Toronto, University of Toronto Press, 1951, pp. 47 *et seq.*

<sup>8</sup> Creighton, Donald, *John A. Macdonald, The Old Chieftain*, Toronto, Macmillan, 1955, p. 164.

<sup>9</sup> Pope, Joseph, *Memoirs of the Right Honourable Sir John Alexander Macdonald G.C.B.*, Toronto, the Musson Book Co., 1894, p. 553.



A similar problem faced the Opposition party leader, George Brown, as may be gathered from a letter of his to a Senator and bank president in 1872 which reads in part:

The fight goes bravely on, but it is hard to work up against the enormous sums the Government candidates have in their hands . . . a big push has to be made on Saturday and Monday . . . if we are not to succumb to the cash of the Government. . . . There are but half a dozen people that can come down handsomely, and we have all done what we can possibly do, and we have to ask a very few outsiders to aid us. Will you be one? I have been urged to write to you, and comply accordingly.<sup>10</sup>

In 1878 with the protectionist National Policy as the Conservative platform, it is reported that Macdonald spoke to a gathering of manufacturers with an interest in protectionism, in an attempt to solicit election funds.<sup>11</sup>

Party leaders were saddled with a heavy and dangerous burden. A contemporary of Macdonald recalled that:

He was pretty deeply in debt for a good many years, but I think his indebtedness was due to political exigencies and not to speculations or personal extravagance. I have heard him speak with much bitterness, and I do not doubt with much truth, of the scandalous way in which he was often pillaged by his political supporters and of the niggardly contributions he received from wealthy members of the party. But this is a very common experience with public men.<sup>12</sup>

Similarly, the Reform Party often relied on financial support from its leaders. After the defeat of the Mackenzie ministry in 1878:

The Liberal party was not only penniless, but the Ontario Association was five thousand dollars in debt. It was decided to take over Goldwin Smith's defunct National Club, and turn it into a Liberal headquarters. Alexander Mackenzie headed the list of donors who gave a thousand dollars each to get it off to a proper start.<sup>13</sup>

With the move toward a more modern voting system and the growth of the franchise, party structures began to assume in the late nineteenth century a coherence and continuity which was to become increasingly characteristic of political parties in the twentieth century. A division of labour and consequent specialization of functions in political parties became possible, resulting in greater efficiency of operation. Slowly the leaders of the parties were being relieved of the burden of fund raising which began to be vested in specialized fund raisers.

The transitional period in this evolution of fund raising as a function of leadership to a specialized function of the party organization is illustrated by the revelations of corruption in the federal cabinet in 1891 concerning a railway in Quebec.<sup>14</sup> The Minister of Public Works and the Postmaster General were implicated in charges of the misuse of public funds, which were officially allocated for railway subsidies but in part diverted into the financing of government candidates. The scandal itself is of secondary importance, although it

<sup>10</sup> *Regina v. Wilkinson, Re Brown* (1877), Upper Canada, Queen's Bench Reports 1878 H.T. Vol. 40, p. 67.

<sup>11</sup> Preston, W. T. R., *My Generation of Politics and Politicians*, Toronto, Rose Publishing Co., 1927, p. 126.

<sup>12</sup> Cartright, Rt. Hon. Sir Richard J. G., C.M.G., P.C. *Reminiscences*, Toronto, Briggs, 1912, p. 49.

<sup>13</sup> Thompson, Dale C., *Alexander Mackenzie, Clear Grit*, Toronto, Macmillan, 1960, p. 346.

<sup>14</sup> *Report of the Royal Commission in reference to certain charges against Sir A. P. Caron*, Ottawa, Queen's Printer, Sessional Papers, No. 27, Feb. 6, 1893.

constituted the second major public scandal concerning campaign funds in the first three decades of Confederation (the first being the Pacific Scandal). But the McGreevy Scandal, as it was known, revealed an interesting evolution of party fund raising in the twenty years which had elapsed since the Pacific Scandal.

Thomas McGreevy, M.P., was at the centre of the charges of corruption. McGreevy had acted as a sort of party fund raiser and treasurer for the government party in federal elections in the Province of Quebec from 1882 to 1887. McGreevy was a member of a three-man committee, the other members being the Minister of Public Works and the Postmaster General. McGreevy did much of the collecting, took charge of the money and paid it out according to orders given him by the two other committee members. In the 1887 election there were only verbal instructions to McGreevy as to the allocation of the funds. In the 1887 election he was given written orders.<sup>15</sup>

In the nineties then, fund raising was becoming somewhat more remote from the party leadership and more concentrated in persons specialized in that role. The final culmination of this process may be seen in the somewhat similar Beauharnois Affair which occurred forty years later, in 1931.<sup>16</sup>

### 3. *Expenditure Pattern*

There is a myth often accepted in Canada that there once existed in Canadian history a golden age when elections were relatively inexpensive, but this idyllic period of innocence has been corrupted by increasing expenditures of money in an ascending spiral. The historical record gives no support to this notion. In fact it is clear that elections have always seemed relatively costly to those who participated in them.

This was never more true than in the early days of Confederation. As one experienced politician later recalled ". . . at that time most of the members fought out their contests much more on their own individual responsibility and at their own expense than they do at present. . . . Two, and much more three, successive elections within as many years would very often mean absolute financial ruin to both victor and vanquished."<sup>17</sup>

In each constituency there might be only one or two polling places. There was a need for large numbers of conveyances to bring voters to the polls, and of course refreshments were expected after such a journey. According to the electoral laws of the time, citizens could vote in as many constituencies as they held property. This meant that a large outside vote could be brought in, often at great expense. Even Canadians residing in border towns in the United States were brought in at election time, as many as two hundred or more in closely contested ridings, according to one estimate.<sup>18</sup> There were also customs, such as the holding of open house three or four times at the candidate's residence, and the widespread dispensing of liquor<sup>19</sup> which might make an election a costly affair.

The fact was that in the early period of Confederation elections were characterized by widespread corruption and misuse of money. A glance at the

<sup>15</sup> *Ibid.*, pp. 161-164.

<sup>16</sup> See *infra*, section II. A. of this study for a discussion of the Beauharnois Affair.

<sup>17</sup> Cartwright, *op. cit.*, p. 20.

<sup>18</sup> *Ibid.*, p. 234.

<sup>19</sup> As late as 1907 a newspaper could remark—only half-humorously, one suspects—that "the consumption of whisky is steadily increasing, which is easily explained by the fact that Ontario in the last few years has had an unusually large number of elections."

number of court cases involving corrupt practices at elections readily establishes this point. A number of persons may have benefited financially from these practices but the candidates themselves could rarely be included in this group.

The emphasis in the early period of electioneering was on organization. As Sir Richard Cartwright explained the matter, the country had a number of electors spread over a very wide area; to marshal these votes and bring them to the polls:

must involve an immense amount of labour and no small expenditure on the part of somebody. Theoretically, the people should come out of their own accord; practically, they have to be driven or spurred up, and unless very considerable pains have been taken in the interval between any two general elections, or unless some burning question has sprung up, which is not often the case, it requires a very heavy outlay, even if the expenditure is confined to purely legitimate purposes, to organize such an immense force at short notice.<sup>20</sup>

When the electorate was relatively small and electors men of property with a continuous interest in the affairs of the community, election expenditure was not as concentrated in the actual period of the election as it is today, but was spread more generally throughout the inter-election period to ensure constant communication of partisan viewpoints to the electorate.

Before the invention of radio and television, newspapers were the only available means of mass communication. Moreover, there was little tradition of impartial news coverage; newspapers tended to be highly partisan, both editorially and in their news coverage. Since there was no Hansard, or official verbatim reports of House of Commons debates, until 1875, newspapers were the only means whereby parties could communicate their programs and their views of political reality to the electorate. The result was that newspapers became an additional heavy financial burden on parties, and most particularly on party leaders; or conversely, strongly partisan papers might, simply by financing their own operations, contribute to easing the burden of publicity expenses on their parties.

The first case is illustrated by a letter written to D. L. Macpherson by Sir John A. Macdonald in 1869, which reads in part:

I have long thought that a good paper of a Liberal Conservative cast was greatly required at Toronto . . . in case we were forced by the violence of the Grit party into a resumption of old party lines, the paper would remain Conservative and not be an additional weapon in the hands of the enemy. . . . I shall be happy to join in aiding the enterprise as much as I can.<sup>21</sup>

In 1874 the editor of the resulting paper (the *Mail*) wrote to Sir John as follows: "Can you find 3 men to go \$1,000 each, not already in our books? I will undertake to find \$1,000 for every \$1,000 you will."<sup>22</sup>

The second case is illustrated in a letter Sir John Willison wrote to Clifford Sifton in 1905:

*The Globe* owes the Liberal politicians nothing. The Liberal politicians do not contribute one dollar to its support. They hold little of its stock. They receive, however, absolutely without fee or reward the service of one of the very best newspapers in Canada. I think I could prove to you that within

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<sup>20</sup> Cartwright, *op. cit.*, pp. 125-126.

<sup>21</sup> *Correspondence of Sir John A. Macdonald*, selected by Sir Joseph Pope, Toronto, Doubleday, Page & Co., 1921, pp. 89-90.

<sup>22</sup> *Ibid.*, p. 235.



the last five years between three and four hundred thousand dollars of party money, or what amounts to party money, has been put into Liberal papers in Canada, and every cent of these investments *The Globe* as a purely commercial property has had to fight. . . . *The Globe* has spent more money for the Liberal party and more money for Liberal reports of party events than one half of all the Liberal papers in Canada. Every important speech that is made by Liberal politicians in Ontario and often in other parts of Canada is reported at *The Globe's* expense. All the important speeches of Parliament are reported by *The Globe* alone among Liberal papers in Ontario and these are used by every other Liberal newspaper in this province. We provide the reporter, pay the telegraphic charges, and supply the reports for more than one half of the Liberal papers of this country. This is a service of value, at least a service which costs, and it ought not to be forgotten by our Liberal critics.<sup>23</sup>

As the country and the electorate grew, expenditure became more concentrated on the election campaign as such. O. D. Skelton remarked of the Laurier era that "of late years there had been less political discussion between elections. Members met their constituents in single or in joint debate less often than of old. The newspapers gave less of their space to politics, more to business, sport, society and personal news. A more concentrated and strenuous campaign at election times . . . became inevitable."<sup>24</sup>

In the late nineteenth century Canada had moved into a new era of electioneering, characterized not so much by organization of voters, as in the older era, but by attempts at communication of party ideas to the electorate. The great age of the printed word, in the form of campaign literature, pamphleteering and poster advertisements, came to Canada. Joseph Israel Tarte, as a Liberal propagandist, flooded constituencies with articles and pamphlets.<sup>25</sup> As another historian notes of the 1911 election:

Sir Hugh Graham [later Lord Atholstan, publisher of the *Montreal Star*] organized a literary bureau where highly-paid journalists turned out a stream of articles, advertisements, tracts, and pamphlets for the Conservative press. Graham was reported to have spent more than \$250,000 before the campaign was finished.<sup>26</sup>

Newspapers were used not only as forums for political propaganda. In addition, parties liked to control the editorial policies of newspapers as propaganda instruments. As one of Laurier's biographers records:

Some newspapers gave free and independent support; others had to be sustained by government printing or advertising; others were maintained directly out of party funds.<sup>27</sup>

The emphasis on the printed word by the turn of the century did not mean that organization as such had been displaced. In 1905 a "candidate in the late

<sup>23</sup> Colquhoun, A. H. U., *Press, Politics, and People, The Life and Letters of Sir John Willison*, Toronto, Macmillan 1935, pp. 98-99. See also Ward, Norman, "The Press and the Patronage: An Exploratory Operation." in *The Political Process in Canada—Essays in Honour of R. MacGregor Dawson*, J. H. Aitchison (ed.), Toronto, University of Toronto Press, 1963, p. 3 ff.

<sup>24</sup> Skelton, Oscar Douglas, *Life and Letters of Sir Wilfrid Laurier*, Vol. II, Toronto, Oxford University Press, 1921, p. 267.

<sup>25</sup> LaPierre, Laurier Joseph Lucien, *Politics, Race and Religion in French Canada: Joseph Israel Tarte*, unpublished Ph.D. dissertation, University of Toronto, 1962, reissued by University Microfilms Inc., Ann Arbor, Michigan, 1964, p. 524.

<sup>26</sup> Wade, Mason, *The French Canadians, 1760-1945*, Toronto, Macmillan, 1955, p. 602.

<sup>27</sup> Skelton, *op. cit.*, Vol. II, p. 269.



elections" showed in a magazine article that in an urban Ontario seat the minimum necessary organizational costs would amount to between \$3,000 and \$4,000, and might rise to \$10,000 or over.<sup>28</sup> Elections were obviously as costly as ever to the candidate and his supporters.

The emphasis on the printed word as the medium of communication continued well into the twentieth century. Later the printed word began to be displaced by radio, which by the mid-thirties was a very important means of communication (witness the Social Credit radio success in Alberta, and Rt. Hon. R. B. Bennett's use of radio to announce his "New Deal" legislation in 1935).

Up to the end of World War I, the structure and organization of the Liberal and Conservative Parties extended little beyond the actual parliamentary caucuses. Attempts to create extra-parliamentary party organizations and to endow them with control over policy and organization were only made while the parties were in opposition. At the national convention called by the Liberals in 1893, ostensibly to give members and supporters of the party a chance to meet the new leader, Wilfrid Laurier, there were several calls for extension of the party's organization beyond the parliamentary party. However, they appear to have been soon forgotten after the Liberals gained office in 1896.

In the period 1911-21, while the Liberals were in opposition, at least three attempts were made to create extra-parliamentary organizations.<sup>29</sup> In 1912 a Central Liberal Information Office was created; in 1915 a National Liberal Advisory Committee was set up. Neither of these organizations proved effective. In 1919 a National Liberal Organization Committee was set up with an executive composed of representatives of both the federal and provincial Liberal Parties. The late Senator Andrew Haydon was named Executive Director. The National Liberal Organization Committee appears to have played an important role in returning the Liberals to power in 1921, but less use seems to have been made of this extra-parliamentary organization while the Party was in power.

While the Conservatives were in almost continuous opposition from 1921-30, an attempt was made to create an extra-parliamentary organization through the formation of the Liberal-Conservative Association of Canada in 1924.<sup>30</sup> As in the case of the Liberal Party this extra-parliamentary organization of the Conservative Party developed little continuity or importance. These initiatives, and others which followed, had little effect on either party's fund-raising structure.

## II. LIBERAL PARTY FINANCE 1920-1965

### A. *Raising Money for Campaigns*

The national Liberal Party has traditionally raised the great bulk of its campaign funds from a relatively small number of donors, both individual and corporate. This has meant that fund-raising efforts have been concentrated in a few major

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<sup>28</sup> "Electoral Management", A reply to Mr. H. B. Ames, M.P., *The Canadian Magazine of Politics, Science, Art and Literature*, XXV, Toronto, the Ontario Publishing Co., 1905, p. 317.

<sup>29</sup> For a thorough discussion see Regenstreif, Samuel Peter, *The Liberal Party of Canada: A Political Analysis*, unpublished Ph.D. dissertation, Cornell, 1963, reissued by University Microfilms Inc., Ann Arbor, Michigan, 1965, pp. 124-126.

<sup>30</sup> See Williams, John R., *The Conservative Party of Canada: 1920-1949*, Durham, North Carolina, Duke University Press, 1956, Chapter IV.

urban centres, with most of the Party's funds coming from Ontario and Quebec. The whole fund-raising process has been markedly informal and *ad hoc*. Small committees of fund raisers have worked in the few months before an election to collect enough money for the campaign. These committees have come to be more and more distinct from both the national party association and the parliamentary members of the Party.

This pattern became more evident in the twenties. Although the Liberal Party's convention in 1919 had established a highly decentralized finance committee to provide for the Party's needs, this committee was purely formal.<sup>31</sup> A scheme of financing the Party by the annual collection of dues "had been forgotten in the urgency of the election of 1921."<sup>32</sup> The formal party association, then, provided little financial help.

Nor did the Liberal leader, Prime Minister W. L. Mackenzie King, do much fund raising.<sup>33</sup> Fund-raising activities centered around one man, the late Senator Haydon.<sup>34</sup> Senator Haydon held an official position in the formal structure from 1919, when he had been appointed Executive Director of the Party, until his resignation in 1922, when he dropped this official position and became the main treasurer and fund raiser for election campaigns. Another Senator, Donat Raymond, acted as a "trustee" for party funds for the Province of Quebec.

The inquiries into the Beauharnois Power Project carried on by the House of Commons and the Senate in 1931 and 1932 provided a glimpse of the procedures used to raise campaign funds. Mr. R. O. Sweezey, a promoter of the Beauharnois Power Corporation which was interested in obtaining the rights to develop water power resources on the St. Lawrence River, had donated between \$600,000 and \$700,000 to the Liberal Party prior to the election of 1930.<sup>35</sup> Senator Haydon had collected much of this money in several approaches to Mr. Sweezey. Sweezey had, according to Senator Haydon, also given at Haydon's request about \$200,000 to Senator Donat Raymond, the Liberal "trustee" for the Province of Quebec, to whom Senator Haydon had already turned over some of the funds he had collected from Mr. Sweezey.<sup>36</sup>

From the foregoing, the importance of the role played by Senator Haydon is evident in the soliciting of funds and the large amounts obtained from the Beauharnois Company. It is also evident that the Party had in existence at least two major campaign funds, one for Quebec and one for the rest of the country. As in other aspects of party organization, Quebec was a "special case."<sup>37</sup>

The Beauharnois Affair also indicated how convenient it could be, from the point of view of a party leader, that responsibility for fund raising should appear to rest with someone else. Prime Minister King was able to claim that he had nothing at all to do with the raising of campaign funds, and thus to escape some

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<sup>31</sup> Harrill, Ernest Eugene, *The Structure of Organization and Power in Canadian Political Parties*, unpublished Ph.D. dissertation, Chapel Hill, University of North Carolina, 1956, p. 256.

<sup>32</sup> Neatby, H. Blair, *William Lyon Mackenzie King 1924-1932: The Lonely Heights*, Toronto, University of Toronto Press, 1963, p. 327.

<sup>33</sup> *Ibid.*, p. 331.

<sup>34</sup> Regenstreif, *op. cit.*, p. 136.

<sup>35</sup> Canada, House of Commons, Special Committee on Beauharnois Power Project, *Minutes of Proceedings and Evidence*, 1931, p. XX.

<sup>36</sup> Canada, Senate, Special Committee on Beauharnois Power Project, *Report and Proceedings*, 1932, p. 243.

<sup>37</sup> For more details of these other aspects, see Neatby, *op. cit.*, pp. 328-329.

of the notoriety which clung to Senator Haydon. Senator Haydon's statements during the investigations corroborated Mr. King's claims:

I made no explanations or disclosures regarding campaign funds to Mr. King, or to any of his ministers or to anyone else.<sup>38</sup>

The Affair demonstrated the effects of the long-term evolution of specialization in the party structure. Unlike Sir John A. Macdonald in 1873, Mr. King could largely dissociate himself from the charges, simply by asserting that as party leader he had remained ignorant about all matters concerning party finances. Speaking of the general election of 1921, he stated that he "had no knowledge whatever of how that campaign was managed. I went where I was told to go to speak by those who had direction of the campaign."<sup>39</sup> His argument was:

There must be a division of labour in a political party . . . it is the duty of the political head of the party to see to matters of policy, to be able to discuss questions on the floor of parliament, and throughout the country; but . . . it is not his business to get out the literature of the party, nor is it his business to organize political campaigns. Such work belongs to the rank and file of the party and to those who will act on their behalf.<sup>40</sup>

It is clear that a dramatic change had taken place in party organization and structure since the days of the Pacific Scandal. By 1930 parties were no longer loose, ill-defined, largely unstructured bodies of candidates rallying around a leader or small group of leaders for a variety of motives and in return expecting from them financial support toward the costs of their election campaigns. National parties had become clearly established organizations with various parts or personnel thereof devoting themselves to specialized tasks, of which fund raising was probably one of the most important. Parties had become more or less concrete entities which were based on that simple but fruitful principle of economy, the division of labour. One very important part of, or group in, the Party had come to be those persons concerned with the raising and spending of money both for election campaigns and for the work of the Party between elections. Prominent and respected persons, often with seats in the Senate, and usually with extensive business connections were now soliciting the funds. The position of a party leader in regard to such funds and their sources was a matter of some moment, about which Mr. King and Mr. Bennett in 1931 offered widely differing interpretations.

Mr. King maintained that the division of labour, in addition to helping him avoid the taint of scandal, had other important advantages for the party leader.

I would not care to have to deal with the questions with which this house has to deal and be possessed of an inventory of those who had contributed to the party funds. All the time that I have been the leader of the party I have never asked a single individual to make a contribution to a political campaign. I have had no knowledge of what the political campaign funds were.<sup>41</sup>

If, as Conservatives insisted, Mr. Bennett had turned down \$200,000 from Beauharnois, then he must, Mr. King argued, have known all the details of the Tory campaign fund. What must the country think of Mr. Bennett's tariff

<sup>38</sup> Canada, Senate, *op. cit.*, p. 189.

<sup>39</sup> Canada, *House of Commons Debates*, July 30, 1931, pp. 4379-4380.

<sup>40</sup> *Ibid.*, p. 4380.

<sup>41</sup> *Ibid.*, p. 4384.



increases on textiles, etc., when Canadian companies involved in their manufacture were contributors to the Conservative campaign fund?

It was an ingenious argument, calculated to embarrass Mr. Bennett. Mr. Bennett took a different view. To Mr. King's statement that British party leaders knew nothing about organization and fund raising, Mr. Bennett replied that on the contrary they had a "most intimate knowledge." When Mr. King put the following question:

I take the position that it is not part of the duty or obligation of a leader of a political party to have to do with the organization of political campaigns or to possess an inventory of those who make contributions to party funds. That is my view; does my right hon. friend hold a different view?<sup>42</sup>

Mr. Bennett forcefully rejected this argument.<sup>43</sup>

Those who disagreed with Mr. King said that it was impossible for any party leader to discharge his duties without some knowledge of the party's financial resources, a knowledge which would inevitably include the source of funds. How could a leader plan the scope of a campaign without knowing the limitations imposed by campaign funds? Some projection had to be made of what money could be brought in during the course of a campaign. The policies advocated by the party leadership would have some bearing on this.

Indeed, could the party leader have no knowledge whatever of how a general election campaign was managed?; could the leader have gone simply where he was told to go to speak by "those who had direction of the campaign?" And if so, what about those who did have control? What was the responsibility of the party leader, when the actions of the fund raisers could involve the party in relationships like the Beauharnois Affair? Was not the leader's plea of innocence in itself an admission of negligence? Who, after all, could the fund raisers be responsible to if not the party leadership?

Mr. J. S. Woodsworth advanced a critique of Mr. King's position in the House:

Would the leader of the opposition himself be very happy in the enjoyment of the position secured through doubtful means, even though he himself was personally ignorant of them? . . .

We all know that every member of parliament is required to certify the statement of his agent with regard to contributions and expenses and thus if the contentions of the leader of the opposition were correct every private member must have moral difficulties as great as those which the leader would have.<sup>44</sup>

Mr. King had blazed a path for party leaders to justify their conduct in the new era of specialized fund raising. The debate among the party leaders had posed a real dilemma. Can a party leader, who has in his pocket a list of contributors, make decisions affecting those contributors with full objectivity? On the other hand, can a party leader remain ignorant of finances in fact, and should he in theory? Experience and common sense seem to inform us that ignorance is not an attainable state, yet we must admit that knowledge also has its dangers. This dilemma remains one of the unsolved problems of Canadian politics. The Beauharnois Affair is important not as an exercise in historical fault finding but because it points up the basic issues at stake in the modern era of fund raising.

<sup>42</sup> *Ibid.*, p. 4382.

<sup>43</sup> *Loc. cit.*

<sup>44</sup> *Ibid.*, July 31, 1931, p. 4391.



In an effort to clarify the distinction between the party leader and the fund-raising apparatus, Mr. King "imposed a central office with a permanent staff on the Liberal party."<sup>45</sup> This office was to take over the organizational and fund-raising duties formerly performed by Senator Haydon. In 1933, Hon. Vincent Massey was named President of the National Liberal Federation and Mr. Norman Lambert its Secretary.

Little was changed, however, in the actual methods of campaign fund raising. For the 1935 campaign, "informal Montreal and Toronto finance committees . . . to make collections" were appointed. Certain individuals were designated as collectors by "the National President, or the national organizer with advice from the party leader" and made their collections during the few months before the election.<sup>46</sup>

In 1936, Mr. Lambert attempted to regularize the collection of campaign funds.

First Lambert made a Dominion-wide tour, talking to key people in the various provinces. He then appointed a representative of the national party organization in each province. Sometimes this was the local provincial organizer . . . Lambert's scheme involved collections . . . at regular yearly intervals, thus building up a party reserve for election day. The funds collected were to be split on an equitable basis between provincial and national party organizations. . .<sup>47</sup>

The plan was obviously aimed only at improving the collection machinery: collection was spread out over a longer period and responsibility for collection was more clearly worked out. The sources of funds, however, remained the same: corporations<sup>48</sup> and wealthy individuals.<sup>49</sup> It is not even clear that the idea of collecting annually was successfully carried out. At least one collector was working only at election time.<sup>50</sup> By 1945 a prominent fund raiser was complaining that the "instalment system" was working poorly,<sup>51</sup> and by 1953, there was no evidence of its being used.<sup>52</sup>

In theory, then, the changes of the thirties created a fund-raising apparatus outside the parliamentary membership of the Party. There is some evidence, however, that Mr. King and his Cabinet were still involved in fund raising. In 1939 Mr. King circulated a memorandum to all members of his Cabinet asking their opinions as to the advisability of holding an autumn election and the availability of campaign funds within their respective provinces and in the country as a whole. Mr. King added:

I am, of course, aware that the National Liberal Federation is expected to have to do with . . . finances, but . . . the Federation is in a position to effect but little without the cooperation of the Members of the Government.<sup>53</sup>

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<sup>45</sup> Neatby, *op. cit.*, p. 385.

<sup>46</sup> Heppe, P. H., *The Liberal Party of Canada*, unpublished Ph.D. dissertation, University of Wisconsin, 1957, p. 145; see also Lederle, J. W., *National Organization of Liberal and Conservative Parties in Canada*, unpublished Ph.D. dissertation, Ann Arbor, University of Michigan, 1942, *passim*.

<sup>47</sup> Lederle, *op. cit.* p. 192.

<sup>48</sup> Interview with Senator Norman Lambert, July 9, 1953, cited by Harrill, *op. cit.*, p. 236.

<sup>49</sup> Regenstreif, *op. cit.*, p. 339.

<sup>50</sup> Lederle, *op. cit.*, p. 191.

<sup>51</sup> Granatstein, J. L., *Conservative Party Finances, 1939-1945*, unpublished paper prepared for the use of this Committee, January 1966, p. 58.

<sup>52</sup> Harrill, *op. cit.*, p. 257.

<sup>53</sup> Quoted in Regenstreif, *op. cit.*, p. 198.

Mr. King is also said to have written letters of appreciation to donors of large amounts.<sup>54</sup> One of Mr. King's Cabinet Ministers even raised money for a provincial campaign before the provincial election of 1939; in Quebec James G. Gardiner "was a key figure in raising money from the Toronto area for the Quebec Liberals."<sup>55</sup>

Throughout the thirties, forties and fifties the pattern of Liberal campaign fund raising tended to develop rather than change: the structure became more refined, but the basic patterns of organization and the basic sources of funds remained the same. Business sources continued to supply the great bulk of the campaign funds. Harrill, after detailed study of the Party's finances, reported in 1953 that 50% of the national Liberal Party's income came from industrial or commercial firms, 40% from businessmen closely associated with particular companies, and only 10% from individuals.<sup>56</sup>

Conversations with fund raisers indicate that funds raised for the 1957 campaign came largely from 300-400 donors, the donations ranging in amounts up to \$75,000.<sup>57</sup> On occasion, Liberal supporters have been known to donate services, rather than funds. In 1958, for example, one owner of a television station produced Hon. L. B. Pearson's video tapes, and a Liberal sympathizer in the radio business helped with radio broadcasts in a certain area. During campaigns, many other individuals donate services of various kinds whose value, in the aggregate, is substantial. Such donations, however, in no way match the importance of money contributions.

Information from fund raisers active in the 1965 campaign indicates that the role of business in the Party's finances is at least as strong as it ever was. One fund raiser said that hardly any money came into the national fund from individuals, Members of Parliament or Senators, and nothing at all from trade unions, although individual candidates received funds from all of these sources. The donations received from businesses tend to be substantial.

The Liberal Party's collection structure is adapted to suit the type of source to which the Party appeals for funds.

The traditional practice has been to have standing Finance Committees, staffed by trusted party supporters in the corporate and business world, in the major cities—Montreal, Toronto, Winnipeg and Vancouver. The Montreal and Toronto Committees are the most important because these cities are in the areas which are the sources of most of the party's funds.<sup>58</sup>

These Committees work under the national treasurer, appointed by the party leader. There are usually two key men in each of Montreal and Toronto, one in Winnipeg and Vancouver, and often one in Calgary or Edmonton. These men comprise the "first-string" fund raisers. Under these men are the "second-string" collectors, the many more workers who try to cover the network of contacts in the business world. In the 1965 campaign, for example, about twenty men collected funds in Ontario.<sup>59</sup>

<sup>54</sup> Harrill, *op. cit.*, p. 262.

<sup>55</sup> Granatstein, *op. cit.*, p. 19.

<sup>56</sup> Harrill, *op. cit.*, pp. 251-252.

<sup>57</sup> Confidential source. Meisel asserts that Liberal campaign costs were between \$6-10 million at all levels. See Meisel, John, *The Canadian General Election of 1957*, Toronto, University of Toronto Press, 1962, p. 173.

<sup>58</sup> Regenstreif, *op. cit.*, p. 211.

<sup>59</sup> *Globe and Mail*, Oct. 11, 1965, p. 7.

Fund raising in Quebec has recently become slightly more formalized. Under the new Quebec wing of the Liberal Federation of Canada which has set about a "democratization" of the Party in Quebec<sup>60</sup> a four-man finance committee, under the chairmanship of a prominent Montreal stockbroker, has replaced the traditional fund raisers. This committee will be responsible to the leader of the Party through the leader of the Quebec wing.<sup>61</sup>

Clearly, in this method of party fund raising, the most useful men to use as collectors are those who have good contacts in business circles. This means that for the most part the men recruited as collectors are businessmen themselves. Sometimes they are also prominent in the formal party structure. Sometimes they are also prominent in the Cabinet and parliamentary party. This overlap between the formal party structure or the membership of the party in Parliament on the one hand, and the fund-raising structure on the other, appears to be coincidental. The operative qualification seems to be being well-known among businessmen.<sup>62</sup>

The method of recruitment of fund raisers shows clearly the independence of the fund-raising structure. New collectors are recruited by already active collectors. A known Liberal who is a rising young businessman will be approached very informally about collecting some money for the Party. Family ties are occasionally a factor.<sup>63</sup> The fact that established contacts in business circles explain success in this aspect of party activity may also account for the apparent tendency toward continuity and autonomy of the fund-raising structure.

### B. *Fund Raising in the Constituencies*

Few generalizations can be made about the fund-raising practices of the Liberal Party at the constituency level during federal campaigns. Practices vary widely between rural, urban and metropolitan constituencies and between constituencies in different geographic areas of the country. There are also great variations over time within single constituencies, depending upon the personalities of those active in the Party's organization.<sup>64</sup> Every candidate in a federal election is, of course, required by law to appoint an official agent to whom all campaign contributions must be made.<sup>65</sup> But there is a wide variation in the actual sources of funds available in constituencies.

Usually the sources tapped in a constituency are more diversified than those used by the national Party, but rarely are they adequate for a campaign.

More often than not, the candidate is forced to spend a great deal of his own money in order to get elected. . . . The candidate may have local sources

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<sup>60</sup> *Montreal Star*, June 7, 1965, p. 3.

<sup>61</sup> *La Presse*, Sept. 1, 1965, p. 28. See also Fournier, Jean-Pierre, "La Vieille Garde Libérale Croule," *Le Magazine Maclean*, Oct. 1965, p. 56.

<sup>62</sup> Regenstreif, *op. cit.*, p. 175.

<sup>63</sup> *La Presse*, Sept. 1, 1965, p. 28.

<sup>64</sup> Some details about the practices of individual constituencies were obtained in a study of the results of a questionnaire sent out by the Committee on Election Expenses to all candidates running in the 1965 federal general election. See study No. 11 "Canadian Spending Patterns and Attitudes" in Part II of this Report.

<sup>65</sup> This requirement was first made in 1874. *Dominion Elections Act*, Statutes of Canada 1874, 37 Vict. c. 9, secs. 121-5.



such as personal friends or some area business establishments to which he can appeal but it is a certainty that his constituency association (if there is one) is usually unable to help very much.<sup>66</sup>

The candidate must therefore turn for assistance to the provincial and national party organizations. In fact, a substantial portion of the national campaign budget is allocated to "aid to constituencies." The money is distributed to the candidates through the campaign committee for each province.<sup>67</sup> A former national organizer for the Liberal Party has been quoted as saying that in the 1953 campaign the national campaign chairman tried to provide a basic \$3,000 for each constituency. More money was sent to key areas<sup>68</sup> such as Quebec constituencies where it was reported that in the 1953 campaign many candidates received \$10,000 each from the national fund.<sup>69</sup>

In addition to the national Party, there are other local sources available to the candidate for his constituency campaign. In some urban ridings, contributions can be obtained from the business interests located there. Some large businesses even ear-mark part of their contribution to the national Party for use in the constituency where their plant is located. In urban ridings, too, contributions are often collected from trade union locals. One former Liberal organizer said that Liberal candidates get contributions from union locals in virtually every riding where there is organized labour.<sup>70</sup> Some ridings have been able to build up campaign funds from the annual collection of membership dues and the holding of special fund-raising events once or twice a year. However, most ridings are not highly enough organized to raise campaign funds in this way. Many set no membership fees.

In Newfoundland, there is an unusual structure for collecting funds for the constituencies. Hon. J. W. Pickersgill reported:

... anyone wishing to make any contribution to my campaign is directed to make such contribution to the Treasurer of the Liberal Party of Newfoundland who in turn provides the funds required by my official agent to pay the bills incurred during the campaign. The Provincial Office also orders most of the printed matter for all the [Liberal] candidates in Newfoundland, which is therefore received as a contribution in kind, the cost being apportioned in the various ridings in proportion to the use made of the material. The only other contribution I received was a contribution of printed matter worth \$350.00 from a personal friend.<sup>71</sup>

The constituency campaigns in most provinces are not so closely connected with the provincial office of the Party. One Liberal organizer suggested that the sources available to constituencies could be listed in the following categories:

1. local industry;
2. individual "regulars," i.e., persons who always give \$25—\$100 to the local Party in federal campaigns;
3. personal supporters of the candidate;

<sup>66</sup> Regenstreif, *op. cit.*, pp. 164-165.

<sup>67</sup> For details of the structure and operation of the several campaign committees active in a federal campaign, see section II.C. *infra*, "Budgeting for Campaigns."

<sup>68</sup> Torrence, Lois E., *The National Party System in Canada 1945-1960*, unpublished Ph.D. dissertation, Washington, The American University, 1961, p. 453.

<sup>69</sup> Harrill, p. 189.

<sup>70</sup> Confidential source.

<sup>71</sup> Letter, Hon. J. W. Pickersgill, P.C., M.P. to the Committee on Election Expenses, January 22, 1966.



4. union locals;
5. reserve from membership dues;
6. incidental donations of \$10—\$25.

Clearly the donations given to candidates in most ridings are smaller than those given to the national Party. The sources in the ridings are more varied than those used by the national Party, and include small businesses, union locals and personal friends of the candidate. In many cases the grant from the central Party is the largest single source of funds. In the great majority of cases constituency fund-raising activities are concentrated in the campaign period, since so much of the organization centres on the candidate, who may not be nominated until near the opening of the campaign.

### *C. Budgeting for Campaigns*

Information about budgeting procedures in the Liberal Party is extremely sparse, except for the last two or three decades of the Party's history. All that can be said with certainty about the twenties and thirties, for instance, is that Senator Haydon, in the elections between 1921 and 1930, was actively engaged in organizing the overall campaigns and had a hand in distributing funds.<sup>72</sup> In the 1935 campaign, Norman Lambert played a similar role.<sup>73</sup>

Many who have studied the Liberal Party have tried to discover the patterns of campaign budgeting throughout this period, but their statements on the subject are often contradictory. According to one writer, "the collected money is subject to the absolute control of the party leader, but his decisions are carried out by the central office."<sup>74</sup> Another stated that control was exercised "through some intimate informal treasurer."<sup>75</sup>

At least three different descriptions have been given of the process by which central Party funds are allocated to the constituencies. Hon. C. G. Power in 1949 described the flow as going "to the regional organizations and, through them, into individual ridings."<sup>76</sup> Lederle, on the other hand, said that "national headquarters maintain a large floating fund, usually under the immediate control of the national organizer, from which allocations are made to the various party candidates to help them win their constituencies."<sup>77</sup> Regenstreif detected yet another pattern:

There is also the question of allocation of funds to the individual candidates in the constituencies across the country. . . . Such evidence that exists seems to be that this was a matter of cabinet discretion during the years of power.<sup>78</sup>

Thus no clear picture of Liberal budgeting can be given for this period.

By the time of the campaigns of 1940 and 1945, there was a National Campaign Committee in charge of the overall direction of the campaign. This Committee consisted of "one or two cabinet ministers, together with the President

<sup>72</sup> Neatby, *op. cit.*, pp. 330-331.

<sup>73</sup> Regenstreif, *op. cit.*, p. 170.

<sup>74</sup> Heppe, *op. cit.*, p. 146.

<sup>75</sup> Lederle, *op. cit.*, p. 196.

<sup>76</sup> Power, C. G., "Wanted: A Ceiling on Election Spending," *Maclean's*, Feb. 1, 1949, p. 8.

<sup>77</sup> Lederle, *op. cit.*, p. 193.

<sup>78</sup> Regenstreif, *op. cit.*, p. 214.

of the Federation and the General-Secretaries.”<sup>79</sup> The 1945 Campaign Committee was headed by Hon. James G. Gardiner and included Hon. C. D. Howe, and Ernest Bertrand, all members of the House, and Senators Campbell, Daigle and Robertson.<sup>80</sup>

[The Committee] began serious planning in January 1945. The National Liberal Federation’s offices were turned over to the Campaign Committee for the duration, and a draft budget was prepared.<sup>81</sup>

It was during the forties that advertising agencies began to participate in the planning of campaigns. The Liberal Party hired Cockfield, Brown and Company, of Montreal.

Often, Ministers would by-pass the Central Office and deal directly with the agency both during election campaigns and whenever they embarked upon speaking tours. There are many within the party who claim that Cockfield, Brown was the central office of the party, particularly around election time.<sup>82</sup>

The pattern of overall planning and budgeting by a central campaign committee has continued to the present:

A National Campaign Chairman is appointed by the Leader. Through this National chairman, and in consultation with the provincial association concerned, ten provincial chairmen are chosen to round out a National Campaign Committee. These ten provincial chairmen then gather provincial committees in their own provinces....The provincial chairmen report constantly to Ottawa and the National Federation.<sup>83</sup>

At the beginning of the campaign, the financial needs and resources of the National Committee are discussed by part of the Committee: the National Campaign Chairman, the National Organizer, the National Treasurer, and a representative of the Quebec campaign committee. The National Office draws up an estimate of its needs, as does each of the provincial campaign committees. The Party’s national advertising agency (MacLaren’s since 1958) draws up suggested advertising programs. The National Campaign Committee then decides upon allocations for national advertising, grants to constituencies and provincial offices. Since the Party’s financial resources are never entirely predictable, the budgets must be flexible. Usually three alternative spending programs are drawn up.

The Quebec Campaign Committee is slightly more autonomous than those of the other provinces. At present it is said to consist of nine members, three named by the Quebec caucus, three by the Quebec wing of the Liberal Federation of Canada, and three by the organization for the Quebec City region.<sup>84</sup> Although the National Campaign Committee decides the general direction of the campaign in Quebec, funds are collected and expended on the approval of the Quebec Campaign Committee; even transfers to the national fund are subject to its approval. The Quebec Committee alone is responsible for national Party advertising within the Province.

<sup>79</sup> *Ibid.*, p. 199.

<sup>80</sup> Granatstein, *op. cit.*, p. 58.

<sup>81</sup> *Ibid.*

<sup>82</sup> Regenstreif, *op. cit.*, p. 197.

<sup>83</sup> *Ibid.*, p. 234. Advertising agencies still participate in planning. “By late 1956 and early 1957, four members of the agency [Cockfield Brown] sat in on the Federation Liaison Committee in order to prepare for the coming election.” (*Ibid.*, p. 197.)

<sup>84</sup> Fournier, *op. cit.*, p. 57.

Once the overall budget decisions have been made, one man is appointed to be responsible for the distribution of funds within each province. Through him, the grants to the constituencies are made. Disbursements are made by cheques written on trust accounts. Payments are usually made in instalments as the campaign funds come in. The campaign committee in each province, and the fund distributor or distributors there, have the responsibility for the spending of the budget on their level both as to allocations to constituencies in their province and as to all other expenditures on their provincial level.

The National Campaign Committee's budget covers national advertising (except for Quebec), surveys, speakers' and leaders' tours, special events, radio and television production costs, and the extra administrative costs of the national office (extra telephones, staff, etc.)

Provincial committees are shown the national advertising program and may decide to take on supplementary advertising. In the 1965 campaign, for example, all the provincial committees except Ontario's, hired advertising agencies themselves. In addition to doing this advertising, the provincial committees distribute subsidies to the candidates, provide professional public relations advice and factual information, provide a speaker's bureau, and arrange the leader's tour in the province. In arranging the tour, the provincial committee schedules special events *en route*, rents space for these events, and pays for any extra advertising connected with the tour.

In all of this process, the influence of the leader appears to be indirect. He names the National Campaign Chairman, the National Organizer and the National Treasurer and is consulted on the appointment of the provincial chairmen.<sup>85</sup>

#### D. *Raising Money for Operating Expenses*

Since 1912 the Liberal Party has maintained a permanent central office in Ottawa. However, until the fifties, the Party had great difficulty in raising enough money between elections to pay for the office's expenses in administration and publicity. The early tradition was to depend upon large donations from "a few stalwarts."<sup>86</sup> During the twenties, no dependable source of funds was found.

There was no permanent endowment, and a scheme for collecting annual dues from party members had been forgotten in the urgency of the election of 1921. The money came in the form of large donations from wealthy Liberals.<sup>87</sup>

These donations were so inadequate that Senator Haydon "had often advanced the rent and the salaries of the secretaries."<sup>88</sup>

The Executive Council of the National Liberal Federation decided that each constituency should be asked to contribute \$250 per year to maintain the office. This plan was a failure. The flow was so poor that in 1926 Charles Murphy, who had been responsible for paying the rent and who, along with Senator Haydon, had been doing so out of his personal funds, locked up the office.<sup>89</sup> There were

<sup>85</sup> Regenstreif, *op. cit.*, pp. 411-412.

<sup>86</sup> This phrase was used in Lederle, *op. cit.*, p. 193.

<sup>87</sup> Neatby, *op. cit.*, p. 327.

<sup>88</sup> *Ibid.*, p. 330.

<sup>89</sup> Regenstreif, *op. cit.*, pp. 134-135.



not sufficient funds even to pay for publicity, let alone to finance the office's suggested organizational role.<sup>90</sup>

When the office was reactivated in the thirties, several new ways were tried to secure a reliable flow of income. It was decided that a basic \$50,000 per year was needed to run the office.<sup>91</sup> Mr. King suggested assessing each provincial association a sum equal to \$200 per constituency per year.<sup>92</sup> He also wrote to wealthy Liberal supporters asking for contributions of \$1,000 each. The response was poor.<sup>93</sup> By 1933, the Party had raised only half of the necessary \$50,000.<sup>94</sup> What money did come in came, as usual, from Senators and wealthy Liberals in central Canada.<sup>95</sup>

An associate membership scheme, however, appears to have achieved some popularity. A party supporter became an associate member of the National Liberal Association by paying an annual fee of \$1. This entitled him to receive the Party's publications. By 1933, there were said to be 50,000 associate members. It is not clear exactly how much financial profit was gained from this plan, but one writer has stated that "the funds from this source helped the hard-pressed Federation to underwrite a considerable part of the cost of its publicity work."<sup>96</sup> The associate membership plan was dropped during World War II, and was never renewed.<sup>97</sup>

The Federation was to continue to remain in dire financial straits until the 1950's when, through the efforts of President J. Gordon Fogo and Duncan K. MacTavish, it achieved some measure of financial stability by no longer being entirely dependent upon subscriptions from the provincial associations.<sup>98</sup>

During the fifties, a "regular contribution schedule" was worked out. The sources of these contributions were, as for the contributions for elections, a relatively small number of donors both individual and corporate. This system has continued in use to the present.

About 30 to 50 "major friendly corporations" are asked for contributions for the maintenance of the national office.<sup>99</sup> These companies make regular annual contributions in addition to their campaign gifts. The maintenance of the Party is covered by donations from companies whose operations are national in extent and annual contributions of individual Party supporters. Accumulated deficits are recouped out of the Party's campaign funds. Most of the companies give to both Liberal and Conservative funds.

Even with this fairly systematic approach to the collection of operating funds, there is no "pot" of money available. Collections are made as needs arise. In 1958, after twenty-two years with the Liberals in office, the Party's national

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<sup>90</sup> The National Liberal Organization Committee, with its head office in Ottawa, was supposed to organize on a national scale, to prevent a recurrence of the breakdown which occurred when Unionist Liberals left the Party in 1917, taking their organizations with them. Regenstreif, *op. cit.*, p. 137.

<sup>91</sup> Neatby, *op. cit.* p. 387.

<sup>92</sup> Regenstreif, *op. cit.*, p. 137.

<sup>93</sup> *Ibid.*, p. 168.

<sup>94</sup> *Ibid.*, pp. 168-169.

<sup>95</sup> Neatby, *op. cit.*, p. 388.

<sup>96</sup> Regenstreif, *op. cit.*, p. 168.

<sup>97</sup> *Loc. cit.*

<sup>98</sup> *Ibid.*, p. 169.

<sup>99</sup> Confidential source.



office was \$90,000 in debt. Again in the fall of 1965 the Federation was in overdraft.<sup>100</sup>

Suggestions have been made recently for new sources of operating funds. At the Advisory Council Meeting of 1958, Mr. Pearson suggested a national system of membership fees, \$5 per year, to be used for the Party's ongoing expenses.<sup>101</sup> The Finance Committee reported in 1959 that such a scheme was not practical. A constitutional committee in 1961 put off the question of finances on the ground that public opinion was not yet ready for such a discussion.

The Standing Committee on Finance recommended in 1963 that provincial associations gradually assume responsibility for the operating expenses of the national office on an annual quota system. Nothing came of this recommendation. Nor was anything done about a suggestion that Members of Parliament make a voluntary donation of \$200 per year to help maintain the Party.

### E. Liberal Party Campaign Expenditures 1920-1965

No detailed information is available about Liberal campaign expenditures prior to the 1965 election. All that can be described are the types of expenditures which were made, the kind of media used for advertising, and other objects of expenditure. Estimates of some costs have been made by persons studying some of the campaigns during this period, and these scattered and approximate figures will be gathered together here.

During the years of King's leadership, the Liberal Party still made extensive use of some of the campaign methods employed in Laurier's time. The distribution of party literature and campaign tours by prominent party leaders were important campaign tools.<sup>102</sup> Newspapers maintained their importance, but the way in which they were used was changing. In the earlier history of the Party it had been common for the Liberals to maintain their own Party newspapers; as late as 1923, Andrew Haydon tried to purchase a newspaper franchise. But for the most part, the strictly partisan newspaper was disappearing, as it became more profitable for newspapers to be "neutral."<sup>103</sup> The Party responded to this change by placing paid political advertisements. Obviously, this meant a shift in expenditure patterns: the costs for paid advertisements, unlike the costs of party organs, were concentrated in the campaign period. New objects of expenditure were also appearing. By the thirties, radio was becoming an important campaign medium. During the forties the Liberal Party made its first recorded use of advertising agencies.<sup>104</sup>

Norman Lambert estimated that in the 1940 federal general election total campaign expenditures for the Liberal Party were approximately \$1 million. (One Conservative estimated that the national Liberal Party spent \$1 million in the 1939 Quebec provincial election).<sup>105</sup> Harrill suggested that a minimum of \$3 million was spent by the national committees of the two major parties in each general election between 1945 and 1953, more than half of this being spent by

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<sup>100</sup> Confidential source.

<sup>101</sup> Quoted in Regenstreif, *op. cit.*, p. 237.

<sup>102</sup> Neatby, *op. cit.*, p. 330.

<sup>103</sup> Regenstreif, *op. cit.*, p. 272.

<sup>104</sup> *Ibid.*, pp. 196-197.

<sup>105</sup> Granatstein, *op. cit.*, pp. 19 and 28.

the Liberals.<sup>106</sup> In 1949, Hon. C. G. Power estimated that over a four-year period, including a general election, the national Liberal Party spent \$3 million, and that a further \$3 million was spent by the Party at the constituency level.<sup>107</sup> Party literature was still an important item in the total expenditure budget and was estimated by a prominent journalist to have cost the Liberal Party about three quarters of a million dollars in the 1949 campaign.<sup>108</sup>

Hon. C. G. Power estimated that during the 1953 federal general election all levels of the Party spent a total of \$2 million in Quebec alone.<sup>109</sup> Total expenditure during this campaign for both the Liberal and the Conservative national organizations was estimated by Blair Fraser to be \$8 million.<sup>110</sup> J. M. Macdonnell, M.P., is cited by Harrill as claiming that three-quarters of this amount was spent by the national Liberal Party.<sup>111</sup> Although television, another potent new medium for advertising, had appeared by the fifties, the parties agreed not to use it for the 1953 campaign. Radio stations, however, were said to have charged prime time rates for all political broadcasts.<sup>112</sup> Subsidies to candidates were another sizable expenditure, which the late Senator Lambert estimated at \$3,000 per constituency with more being allocated to key areas.<sup>113</sup>

According to Harrill, the Liberal Party (and the Conservative Party, too) in the fifties usually allocated their total expenditures at the national level roughly as follows.<sup>114</sup>

tours of party leaders .....	10%
headquarters organization (rent, salaries, supplies) .....	10%
national advertising (radio, pamphlets, newspapers, magazines) .....	40%
individual candidates .....	40%

Harrill also made an attempt to assess the costs facing a Liberal constituency organization during the first half of the fifties as follows, in descending order of importance:<sup>115</sup>

1. payments to party workers
2. local advertising
3. rent and office expenses
4. cars
5. travel
6. refreshments.

During the 1957 election, according to one source, the Liberal Party as a whole raised and spent an estimated \$7.5 million. <sup>116</sup> Subsidies to candidates

<sup>106</sup> Harrill, *op. cit.*, p. 197.  
<sup>107</sup> Harrill, *op. cit.*, p. 181.  
<sup>108</sup> Fraser, Blair, "Election Campaign Backstage Ottawa" *Maclean's*, LXII, Aug. 15, 1949, p. 85, quoted in Harrill, *op. cit.*, p. 211.  
<sup>109</sup> Harrill, *op. cit.*, p. 181.  
<sup>110</sup> Fraser, Blair, "Our Illegal Federal Elections," *Maclean's* LXVI, April 15, 1953, p. 12, quoted in Harrill, *op. cit.* p. 182.  
<sup>111</sup> Harrill, *op. cit.*, p. 182.  
<sup>112</sup> *Ibid.*, pp. 208-209.  
<sup>113</sup> Torrence, *op. cit.*, p. 453.  
<sup>114</sup> Harrill, *op. cit.*, pp. 202-203.  
<sup>115</sup> *Ibid.*, pp. 212-213.  
<sup>116</sup> Confidential source. Cf. Meisel, *op. cit.*, p. 173, estimates Liberal Party national, provincial and constituency expenditures as having been between \$6-10 million in the 1957 election.

comprised about 33% of the national Party's total budget, according to a party official active in the campaign. This was a considerably smaller percentage of the budget than the 40% estimated by Harrill.

While Harrill's figure may have been correct for earlier elections, by 1957 the Party was devoting an increased proportion of its budget to national advertising. The national office staff arranged national newspaper, poster and billboard publicity; it circulated draft radio speeches and radio and television schedules; it operated a news service for weekly newspapers. The national office also employed a man experienced in television, who set up a studio to coach Liberal Members of Parliament on television technique. The studio also produced radio tapes and some television films which candidates could use on payment of a fee.<sup>117</sup>

In addition, the national office provided extensive aid to candidates in the form of materials and services: campaign manuals, pamphlets, leaflets, a 384-page *Speaker's Handbook* entitled *Liberal Action for a Greater Canada*, speeches by leaders, news clippings, and proofs of advertisements suitable for candidates' use.<sup>118</sup>

All this activity required extra staff. The staff at the national office increased from between 14 and 16 to between 50 and 60. In addition, approximately 40 people worked on the election for the Party's advertising agency, Cockfield, Brown.<sup>119</sup>

The 1957 election saw few significant changes in constituency expenditure patterns.<sup>120</sup> Meetings were still a very popular form of campaigning. However, coffee parties in private homes were becoming increasingly common. Monster rallies were also tried by constituency organizations in large population centres in addition to newspaper, radio and television publicity. Printed material such as poll cards, verandah cards, car cards, bumper stickers, banners, favours (such as blotters and match books) letters and "where you vote at" cards were also much used by Liberal candidates.

Payments to party workers and office rentals remain expensive items at the constituency level.

Rates of pay vary from region to region, but it is probably not misleading to assume that drivers with cars cost from \$10 to \$30 per day. . . . Canvassers, scrutineers, and baby sitters are somewhat less expensive, costing about \$6 to \$8. But in some constituencies very large numbers of these may have to be hired.<sup>121</sup>

Meisel, in his study of the 1957 election, estimated the usual cost of campaigning at the constituency level as follows:

A normal election campaign in a rural constituency probably costs the Liberals or the Conservatives from \$7,500 to \$12,500. It is difficult to conduct a satisfactory urban campaign for less than \$15,000 and a reasonably conducted fight in a metropolitan constituency can hardly be attempted for much under \$25,000.<sup>122</sup>

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<sup>117</sup> Meisel, *op. cit.*, pp. 67-72.

<sup>118</sup> *Ibid.*, p. 68.

<sup>119</sup> *Ibid.*, p. 65.

<sup>120</sup> *Ibid.*, pp. 86-119, contains a full description of constituency-level campaigning during this election.

<sup>121</sup> *Ibid.*, p. 116.

<sup>122</sup> *Loc. cit.*



Liberal campaign expenditures since 1957 do not seem to have reached the heights achieved in that election when the Liberals enjoyed the advantages of 22 years of uninterrupted incumbency. Loss of office and the frequency of elections appear to have led to a closer rationing of funds from traditional sources.

### F. 1965 Campaign Expenditure

The contemporary pattern of Liberal Party finance may be viewed in the light of an exchange of correspondence between the Committee on Election Expenses and officials of the Liberal Federation of Canada. On October 5, 1965, a letter was sent to senior officials of each party seeking ". . . the necessary documents and information concerning the income and expenditures of [the] national party organizations during the . . . election campaign culminating on November 8, 1965."<sup>123</sup> The Committee received a reply which advised that, in the matter of financing the election campaign, there was a very great degree of decentralization on a provincial basis. The National Treasurer (who is responsible directly to the Party leader) and the national officials do not require nor expect to receive from the provincial treasurers, detailed financial reports of receipts or expenditures or of the totals of these. The letter received by the Committee went on to say:<sup>124</sup>

With the exception of Ontario and Quebec, all monies collected in the several provinces are expended in those provinces by the respective provincial campaign committees. In some cases the amounts available are augmented from funds collected in the two central provinces. In the last election relatively small amounts were transferred in this way to the three Prairie provinces, British Columbia, the Yukon and Northwest Territories; somewhat larger amounts were also transferred to certain Atlantic provinces. Such transfers in total did not exceed \$150,000.

Receipts in Quebec were collected by a finance committee and expended on the approval of the Quebec campaign committee, including transfers to central funds to help finance the national campaign . . . it has also been the practice in the Liberal party to run Quebec campaigns separately from the national. For example, the Quebec Committee is solely responsible for all advertising in the province. The national committee, on the other hand, is responsible for publicity throughout English-speaking Canada.

There is, of course, close liaison between the national and the Quebec campaign committees. Because a large proportion of our total national receipts come from Ontario and Quebec, it has been the practice for the Quebec finance committee to make some transfer to the national funds . . .

#### (a) *Party Income*

At September 8, 1965, the treasury of the party was low in funds and the Federation was in an overdraft position . . . a number of provinces were in an overdrawn position.

Membership fees are collected by provincial and local associations . . . for the most part contributions from trade unions, individuals, Members of Parliament and Senators, would be received either by provincial or constituency organizations . . . very few contributions [have been received] from individuals, Members of Parliament and Senators and no contributions from trade unions, as the bulk of . . . receipts have been from business concerns.

<sup>123</sup> General letter sent to a senior official of each of Canada's federal parties, dated October 5, 1965, p. 1.

<sup>124</sup> Letter from Senator John B. Aird, Q.C., to the Chairman of the Committee on Election Expenses, January 26, 1966.



(b) *Party expenditures*

The following is a breakdown of expenditures at the national level:  
As previously mentioned, it does not include expenditures in Quebec or by the provincial campaign committees.

Radio .....	\$ 70,000.
TV .....	200,000.
Newspapers & Publications .....	55,000.
Printed & Other Material .....	75,000.
Leader's Tour .....	30,000.
Other Travel .....	10,000.
Administration, etc. ....	45,000.
Other Expenses .....	40,000.
<hr/>	
Total .....	\$255,000.

Disbursements to candidates and constituency organizations are made by the various provincial campaign committees. Contributions in Ontario come to . . . [the National Treasurer and are transferred] . . . to the campaign committee to cover the office and organization expenditures of that committee and the grants made to the 85 candidates in that province . . .

. . . about \$3,750,000 in all was collected by [the National Treasurer] and by the provincial treasurers or campaign committees. Perhaps \$250,000 of this sum was used to pay all accumulated debts. This means that a total of \$3,500,000 was spent by the national office in Ottawa and by the various campaign committees. Quebec, which runs its own campaign, would account for a large proportion of this total. [The National Treasurer] has no idea how much the candidates obtain themselves.

[It is estimated] that a minimum of \$200,000 is required annually at the national level to maintain both the party and the Federation . . . no specific knowledge of provincial and regional requirements [is available].

Most provincial committees have hired advertising agencies to supplement the National Committees' advertising program.<sup>125</sup> The total budget for the Ontario Campaign Committee in the 1965 campaign was over \$517,000.<sup>126</sup> The Saskatchewan committee's budget was reported to have been between \$40,000 and \$50,000, most of which was said to have been raised within the Province.<sup>127</sup>

Detailed information on the Liberal expenditures at the constituency level is difficult to ascertain because of wide variations among the constituencies.<sup>128</sup> Some observers assert that contributions from national and provincial Party headquarters cover no more than 40 per cent of constituency expenditures in Ontario. On the other hand constituency campaign costs in Quebec and the Maritimes tend to be covered almost completely from the Party's central funds.<sup>129</sup>

Information provided by the Board of Broadcast Governors to the Committee indicates that the Liberal Party at all levels spent about \$606,000 on radio

<sup>125</sup> See section II. C. "Budgeting for Campaigns," *supra.*, in this study.

<sup>126</sup> The total for 1963 was over \$630,000; for 1962, over \$610,000, according to Liberal Party sources.

<sup>127</sup> *Globe and Mail*, Dec. 6, 1965, p. 8. This report quotes Senator A. H. McDonald as saying that western Liberal candidates received no financial aid from the National Committee. Other sources report that Saskatchewan did receive national campaign funds, but only a small amount late in the campaign.

<sup>128</sup> This information has been compiled by the Committee on Election Expenses in an analysis of responses to a questionnaire sent to all candidates in the 1965 campaign. See study No. 11 "Candidate Spending Patterns and Attitudes," in Part II of this Report. For average reported expenditures by party candidates see Appendix 2 in Part III of this Report.

<sup>129</sup> Confidential source.

and television.<sup>130</sup> A committee study of print media expenditures reveals that about \$490,000 was spent by the national, provincial and constituency party organizations and supporters.

The official declarations of 232 of the 265 Liberal candidates reveal that at least \$2,616,000 was spent in the constituencies representing an average expense of \$11,276 for each reporting candidate.

### III. CONSERVATIVE PARTY FINANCE 1920-1965

#### A. Fund Raising 1920-1945

The history of the Conservative Party in Canada in the twentieth century has been a history not of continuing fortune but of frequent disappointment. Because triumph has been short-lived and defeat common, the patterns of party organization and finance have tended to be disjointed and often difficult to trace.

One factor without which no study of Conservative Party finances could be complete is the role of the Montreal financial community, but the obscurity of the subject makes all conclusions about its actual role somewhat conjectural. However, the story would be incomplete without constant reference to whatever information does exist.

A striking example of the influence of Montreal finance occurred in 1911. The Conservative financiers wanted very much to defeat Laurier over reciprocity, yet the Conservatives appeared to have little popular support in the Province of Quebec so long as Laurier continued to be Liberal leader. An attempt was made to split the French Canadian vote by giving financial support to Henri Bourassa and the Nationalists.<sup>131</sup> This strategy was in fact successful and Sir Robert Borden's Conservatives were elected.

The old spectre of the railways in politics raised its head when under Borden's administration Mr. R. B. Bennett, from Borden's own backbenches, charged that Mackenzie and Mann's Canadian Northern Railways had been using campaign fund donations to buy influence in both parties.<sup>132</sup>

When Mr. Arthur Meighen became party leader, and especially after the Conservative defeat under his leadership in 1921, the financial problems of the party became acute. Montreal finance never seemed to have trusted Mr. Meighen.<sup>133</sup> The latter's railway policy and what big business considered to be "radical" tendencies in his general philosophy inspired the financing of much opposition to his leadership in Montreal. Lord Atholstan and the *Montreal Star* continually challenged his position. During campaigns, Mr. Meighen was constantly harassed by lack of funds, so that he sometimes had difficulty keeping candidates in the field.<sup>134</sup> Yet anti-Meighen Conservatives (French Canadians

<sup>130</sup> See study No. 10 "Political Broadcasting in Canada" in Part II of this Report.

<sup>131</sup> Rumilly, Robert, *Histoire de la province de Québec*, Montreal: Éditions Bernard Valiquette, 1948, v. XVI, p. 75.

<sup>132</sup> Watkins, Ernest, *R. B. Bennett*, London, Secker & Warburg, 1963, p. 84. A fuller discussion is in Graham, Roger, *Arthur Meighen* Vol. II, Toronto: Clarke, Irwin, 1963, pp. 72-82.

<sup>133</sup> *Ibid.* passim.

<sup>134</sup> O'Leary, Grattan, "When Can We Escape This Deadlock," *Maclean's* XXXIX No. 4, Feb. 15, 1962, p. 45.

such as Patenaude in 1925 for instance) might get wholehearted support from Montreal. As Roger Graham suggests:

It is not unreasonable to suppose that those in Montreal who were assisting him with money, publicity and moral support, hoped to use him for their own purposes and through him to have a decisive influence in determining the substance of national policy. He was to be, in other words, the means by which they could at last gain that control over the Conservative party and its national leader which for so long had eluded them.<sup>135</sup>

Pro-Meighen candidates in Quebec could find that the going had been made difficult for them. One candidate complained that newspapers were bought to combat him, and mentioned a newspaper to which he had given \$8,500 in five years, which subsequently refused to print an article written by him. Grattan O'Leary found it almost impossible to raise money for his candidacy in the same election.<sup>136</sup>

The difficulties Mr. Meighen thus experienced demonstrate a recurring pattern in Conservative history: the leaders have often experienced difficulty in maintaining party unity. If some of the major financial backers do not support them, the party structure tends to become unhinged. The party leader cannot simply ignore the problem of finding money; not only does lack of money mean electoral difficulties, but a leader cannot plan the scope of an election campaign except in the terms of the limitations and potentialities of party finances.<sup>137</sup>

Mr. R. B. Bennett's succession to the Party leadership changed the picture altogether. The leadership was now apparently acceptable to most of the financial backers, and the 1930 election campaign was smoothly run. Major-General (later Senator) Alexander Duncan McRae, a distinguished veteran, a successful businessman and an experienced politician and political organizer, was made national organizer for the campaign. One of the most important fund raisers was Brigadier-General George Eric McCuaig, another distinguished veteran and Montreal stockbroker. Prominent Montreal financiers gave full support, symbolized by the backing of men such as Lord Atholstan and Sir Herbert Holt. More than half a million dollars were collected in Montreal alone for the campaign.<sup>138</sup> This allowed the party to maintain a reasonably sized office in Ottawa as campaign headquarters during the 1930 campaign.

At the outset, Mr. Bennett was not only more congenial to the Party's large contributors, but he seemed to have a much better grasp of the organizational side of politics than Mr. Meighen. One aspect of Bennett's leadership was probably unique in the history of both major parties in the twentieth century: the extent to which Mr. Bennett personally financed the Conservatives. Bennett did not wish the Party to be in a position where it was entirely reliant on its large donors; he was always suspicious of money which might be "tainted," and which might rebound to the Party's disfavour. It appears that the Beauharnois Corporation offered \$200,000 to the Conservatives in 1930 but was turned down by Bennett (some money may have found its way through to a Party official without

<sup>135</sup> Graham, *op. cit.*, p. 338.

<sup>136</sup> *Ibid.*, p. 339.

<sup>137</sup> On this point Meighen himself was clear. See Williams, *op. cit.*, p. 149.

<sup>138</sup> A list of contributors appears in the Manion Papers, Public Archives of Canada (P.A.C). Misc. Subject Files, vol. II, entitled "List of Contributors to September 2, 1930." Quoted in Granatstein, *op. cit.*, pp. 3-5.



the knowledge of Mr. Bennett who was suspicious of the Corporation's motives). As he himself said later:

I did decline to have anything to do with contributions from the Beauharnois people, so far as my party is concerned . . . and it is not a matter for which any great credit is to be accorded to me.<sup>139</sup>

As he had explained earlier, "I have always held that the receiver of stolen goods was a criminal."<sup>140</sup> Instead, Mr. Bennett put up large sums from his own fortune. One Conservative Member of Parliament stated that Mr. Bennett personally contributed \$750,000 to the 1930 campaign.<sup>141</sup> As his biographer has written:

He [Bennett] had controlled the E. B. Eddy Company because he owned it. From 1927 he had controlled the Conservative Party organization because he was paying a large part of its costs, a state of affairs good neither for himself nor the party.<sup>142</sup>

By 1935, when, as Prime Minister, he revealed his "New Deal" legislation, much of the big business support of five years earlier had disappeared. The future of Conservative Party finance was bleak. In Williams' judgment:

R. B. Bennett must bear a large share of the responsibility for the declining ability of the Conservatives to obtain funds because he would not allow party organizers to accept money which he thought to be "tainted" and he attempted to provide most of the campaign funds himself with the aid of a few friends.<sup>143</sup>

When other sources dried up, because of Mr. Bennett's policies, the Party came to depend more and more on Bennett personally for financial support. It had nowhere else to turn.

After the defeat in 1935 this became an increasing burden on Mr. Bennett himself. In a letter to a friend in 1937, he expressed himself as follows:

I am afraid you do not understand the difficulties that I have to meet in my present position. I am fairly well off and I am now convinced that no man of means can afford to be head of the party. They expect me to provide money for everything and I have reached a stage when I cannot reasonably be expected to do more. You will probably gather that I have a comparatively large income when I say to you that in the ten years I have been leader of the party I have paid income tax amounting to upwards of \$600,000, and at the end of that time I have not only saved no money, but I still owe for party obligations \$150,000. That certainly cannot continue. The results of the last election indicate that my services are no longer required and, while I have not arrived at any definite decision, I think it not improbable that I may make other arrangements for the balance of my life, be it short or long.<sup>144</sup>

Personnal financing by the leader was unmistakably a failure, and one which hurt the Party for years to come.

As previously mentioned, the Bennett "New Deal" antagonized business, and after its defeat in 1935 the Conservative Party was disorganized and without funds. The new leader, Dr. Robert Manion, had advocated a railway policy at

<sup>139</sup> Canada, *House of Commons Debates*, July 31, 1931, p. 4399.

<sup>140</sup> *Ibid.*, p. 4382.

<sup>141</sup> Turnbull, F. W. (Conservative, Regina;) see *Regina Leader-Post*, Sept. 28, 1932, p. 1.

<sup>142</sup> Watkins, *op. cit.*, p. 167.

<sup>143</sup> Williams, *op. cit.*, p. 145.

<sup>144</sup> Watkins, *op. cit.*, pp. 230-231.



variance with the interests of the Canadian Pacific Railway. All that organization's influence was brought to bear against Manion. Most of the St. James Street financial community appeared to be opposed to him. A Conservative fund raiser in Montreal told Dr. Manion that the "Montreal Gang"<sup>145</sup> would freeze up funds across the country if he did not agree with the Canadian Pacific Railway's policy (of unification of the CPR and CNR) and a reunion with Mr. Meighen who favoured such a policy. Manion refused.

In the year and a half after his election as leader in July 1938, Dr. Manion made a valiant attempt to eliminate a party deficit of \$35,000 which remained from the 1935 federal election. The attempt was made through Toronto fund raisers, but insufficient progress resulted. Attempts to broaden the fund-raising structure were complicated by the issue of conscription and his position in Quebec, but progress was made in the Maritimes and the Prairies.

When World War II began, Dr. Manion agreed to a political "cease-fire"<sup>146</sup> and the Conservative Party office was shut down. Funds were largely unavailable; many contributors used the war as an excuse to refuse to contribute to the Party. The snap general election in 1940 found the Conservative Party's organization and financial structure in disarray. The old conscription and railway issues continued to threaten a severe financial drought. It was suggested to Dr. Manion that the Party's problems would be solved if he would agree to step down after the election. This Dr. Manion refused.

A Toronto Committee was entrusted with the main burden of fund raising for the 1940 campaign; a somewhat less influential committee was set up in Montreal. Elsewhere financial representatives were appointed to collect money to be used within their own provinces; this provided no more than 15 per cent of the total money raised by the Party.<sup>147</sup> The bulk of the national funds came from Ontario and Quebec. Traditional methods of collection from corporations and wealthy individuals were retained, but these were unsuccessful because the traditional sources in Montreal financial community, and the usually Conservative *Gazette* and *Star*, were lukewarm or failed completely to support the Party. A number of factors may have accounted for the lack of financial support: industry's desire for war contracts from the Liberal Government; opposition to Manion's leadership, and a feeling that the Conservatives had no chance of forming a government.<sup>148</sup>

A Conservative fund raiser later estimated that the Conservative Party spent about \$500,000 in 1940 and remained \$25,000<sup>149</sup> in debt. The same source estimated that the Party spent between one-quarter and one-third of that spent by the Liberal Party. The late Senator Norman Lambert has been quoted as stating that each party spent about \$1,000,000 in the 1940 campaign. Using the latter figure for the Liberals and the amount estimated by the Conservative fund raiser for his own Party, it would appear that the Liberals spent at least twice as much as the Conservatives in the 1940 campaign.

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<sup>145</sup>Manion Papers, Personal Correspondence, vol. 8, Hogarth to Manion, Wednesday, June 7, 1949. Cited in Granatstein, *op. cit.*, p. 13.

<sup>146</sup>Manion Papers, Memorandum—Political (Personal), vol. 45, Memorandum, September 6, 1939. Cited in Granatstein, *op. cit.*, p. 17.

<sup>147</sup>Granatstein, *op. cit.*, p. 26.

<sup>148</sup>*Ibid.*, p. 30.

<sup>149</sup>Confidential source. Manion Papers, Personal Correspondence, vol. II, Ross to Manion, April 29, 1940. Cited in Granatstein, *op. cit.*, p. 28.

Dr. Manion resigned the leadership after the election and was succeeded by Mr. R. B. Hanson. The financial situation was so desperate that Members of Parliament and Senators were finally asked to contribute \$50 each to meet immediate financial needs.<sup>150</sup> This raised \$3,350.61 for the Party, and evidently this was all the Party had available until a new development in January 1941 relieved the financial crisis.<sup>151</sup> In 1941 Mr. J. M. Macdonnell, then president of the National Trust, and Mr. Hanson organized a meeting to discuss rebuilding the Party. To raise the money for a central organization, financial committees were set up in Toronto and Montreal. In Montreal traditional methods were used, through appealing to business and industry, but in Toronto new approaches were tried, such as an American-style fund-raising dinner. The Party raised somewhat more than half of the \$60,000 it hoped for, Toronto sources contributing twice as much as Montreal.<sup>152</sup>

The return of Mr. Arthur Meighen as leader at the end of 1941 meant the scrapping of the Montreal committee and the creation of a new financial organization under Mr. Bennett's old fund raiser, General McRae; but when Mr. Meighen was defeated in the York South by-election of February 1942, the new organization ceased functioning.<sup>153</sup> Mr. Macdonnell once again intervened to rescue his Party; in 1942 he organized the Port Hope Conference. A national convention met the same year and chose Hon. John Bracken, Premier of Manitoba, as party leader. The possibility that the new leadership would result in electoral success brought forward more substantial donations from traditional business sources. But fund raising, although more successful than in previous years, did not prove to be as great as had originally been expected.

Mr. R. A. Bell undertook the Party's reorganization and advocated a "democratization" of fund raising. In the fall of 1943, Mr. Bell decided to counteract the popular image of the Conservatives as the Party of the "big interests," with a national campaign to raise large numbers of small donations.<sup>154</sup> An advertising agency was hired to prepare the publicity for a Popular Finance Campaign to obtain donations of up to \$25. Elaborate canvassing arrangements were made. Advertisements were placed in newspapers. Donors would receive certificates and assurances that the money would be used correctly.<sup>155</sup> The plan, which had called for receipts of \$1,000,000, was a dismal failure. Donations did not even pay for overhead. Canvassers were not numerous enough, newspaper advertisements were too expensive, and the public did not respond, perhaps because of the novelty of such an appeal, perhaps because the public remained suspicious of the Conservative Party's motives.

Despite the failure of the Popular Finance Campaign, Bell's work as the National Director of the Party, under Bracken's leadership, did prove successful. Funds available to the Party for 1943 reached over \$173,000.<sup>156</sup> In 1944

<sup>150</sup> Meighen Papers, P.A.C., Series 5, vol. 138, Sen. G. V. White to Meighen, June 26, 1940. Cited in Granatstein, *op. cit.*, p. 32.

<sup>151</sup> Hanson Papers, file O-160-F, Miss J. E. Denison to Gordon Graydon, February 25, 1941. Cited in Granatstein, *op. cit.*, p. 32.

<sup>152</sup> *Ibid.*, File O-160-T, "Statement of Trust Account No. 1, February 3, 1942." Cited in Granatstein, *op. cit.*, p. 37.

<sup>153</sup> Hanson Papers, File O-167, Hanson to D. C. Coleman, May 30, 1942. Cited in Granatstein, *op. cit.*, p. 42.

<sup>154</sup> R. A. Bell Papers, vol. 1, P.A.C., Miscellaneous Correspondence, 1942-1944. Bell to H. R. Milner, December 30, 1942. Cited in Granatstein, *op. cit.*, p. 45.

<sup>155</sup> *Ibid.*, "Memorandum re: Public Finance," n.d. Cited in Granatstein, *op. cit.*, pp. 51-52.

<sup>156</sup> Granatstein, *op. cit.*, pp. 48 and 55.

expenditures increased two and half times to \$478,000.<sup>157</sup> At the end of World War II the Conservative Party was in its best financial condition in years.

The late J. S. D. Tory, Q.C., who succeeded J. H. Gundy (of Wood, Gundy and Co.) as financial chairman of the Party in 1944, made elaborate plans for the 1945 campaign. Two weeks previous to the election date the Party had collected more than \$500,000, which came almost equally from Montreal and Toronto. The final sum raised may have exceeded \$1,000,000.

The financial history of the Conservative Party between 1930 and 1945 throws some light on the impact of money on Canadian politics, especially the interrelationship of policy, leadership and finance. Dr. Manion's disastrous 1940 election campaign is an excellent example. Because he was believed to hold radical views and because he was known to be an opponent of railway unification, Manion and his fund raisers faced great difficulties. The opposition was strongest in circles close to the Canadian Pacific Railway, but through various ramifications the financial channels right across the country were blocked. Manion's fate illustrates the vulnerability of a leader to a financial blockade.

By 1943, the political situation which had defeated Manion had passed. The threat of the CCF so frightened business and industry that some of the same forces that had destroyed Dr. Manion for his "radicalism" brought in Mr. Bracken as leader of the renamed Progressive Conservative Party. It was hoped that Mr. Bracken would appeal to progressive-minded Canadians not yet ready to go all out and support the CCF. Many believed that he could form the next government. In these circumstances and despite Bracken's doubtful political antecedents, the Conservatives received substantial financial support. The Party's campaign theme of free enterprise was doubtless a reassurance.

The collapse of the Popular Finance Campaign made it impossible for the Conservatives to develop an alternative to their traditional sources of campaign funds. In the end, then, the Progressive Conservative Party was dependent on funds raised with the same methods used by the Conservative Party prior to 1943. Even the provincial financial representatives did not change despite the considerable difference in outlook between the Manion-Meighen-Hanson Party and the Bracken Party. Presumably the continuity resulted from necessity rather than choice. Very few men in any party are likely to have an entrée to business and finance.

### *B. Postwar Fund Raising and Financial Organization*

The available evidence indicates that the fund-raising structure of the Conservative Party in the postwar period exhibited the following pattern. Toronto replaced Montreal as the financial base in the reconstruction of the Party during the Second World War, after the defection of its traditional supporters. The present financial structure of the Conservative Party reflects this shift. The senior finance chairman is located in Toronto, with a subordinate chairman for Montreal. More directly subordinate to Toronto are collectors, usually prominent persons chosen by the chairman, in Ottawa, Hamilton and London. As in the Liberal Party, the Conservative leaders try to maintain as much ignorance of the sources of the funds as is possible; inevitably, however, they may become aware of the key donors due to social associations.

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<sup>157</sup> *Ibid.*, p. 55.



The Party attempted in this period to separate fund raising from expenditures, and fund raisers usually did not take part in the allocation of funds after they were collected. Sometimes contributors might ear-mark part or all of their donations to a particular area or candidate. Expenditure was supervised by the national director and the finance committee. Below them were the provincial finance committees. The national director or organizer decided for the most part how to allocate the money. Evidence indicates that the national director has a great deal of freedom in making expenditures.<sup>158</sup>

Under Mr. Bell's direction, attempts were made to make all the provinces self-sufficient financially, but with the exception of British Columbia and Alberta the provinces required continued transfer payments from Ontario and Quebec. Manitoba was subsidized to only a limited degree. Saskatchewan received more than Manitoba; the most subsidized area was the Maritimes.

John Williams estimates that in the 1949 election, the Conservatives spent over \$3,000,000 on both the national and local levels.<sup>159</sup> With Mr. Drew as leader, funds became more readily available than they had been in the immediate past. The 1949 campaign confirmed that Toronto had superseded Montreal as the most important source of funds for the Conservatives. It is estimated<sup>160</sup> that the cost of the 1953 campaign at the national level was about \$2½ million. The British Columbia and Alberta organizations were fairly independent financially. About \$4,000 was sent, on an average, to each constituency, for a total of about \$1 million. The specific allocation was determined by the national headquarters, except for the Province of Quebec where the money was sent to Montreal to be redistributed. In some seats the grant covered little more than the candidate's deposit, but some important candidates, including the leader, received large sums covering their entire campaign expenditures.

When Mr. Diefenbaker became national leader in 1956 some important changes were made in the Party's method of party finance. Allister Grosart, on becoming national director, decided to pool all the available funds and to allocate to the provincial committees an amount equal to \$3,000 multiplied by the number of constituencies in a province. This amount (e.g. Ontario 85 x \$3,000 = \$255,000) was an unconditional grant, to be distributed among the constituencies in the province as the committee saw fit; Quebec was thus given money only in proportion to its parliamentary representation. Cries of over-centralization of party expenditures thus were stilled. The result was a more effective use of money because of a better on-the-spot assessment of local conditions.<sup>161</sup>

About \$1 million<sup>162</sup> was available to the national headquarters in 1957, a low figure which may illustrate certain apprehensions among the Party's contributors concerning the Party's chances under a new leader.<sup>163</sup> Apparently, the decision was taken to allocate almost all the money available to the provinces for use in the constituencies. The remainder went into the leader's tour (estimated at \$70,000), operation of national headquarters, the printing of pamphlets (which were distributed by the candidates) and a minimal amount of national advertising,

<sup>158</sup> Confidential source.

<sup>159</sup> Williams, *op. cit.*, p. 143.

<sup>160</sup> Confidential source.

<sup>161</sup> Confidential source.

<sup>162</sup> *Ibid.*

<sup>163</sup> *Ibid.* Meisel, on the other hand, estimates national expenditure at \$1,700,000. See Meisel, *op. cit.*, p. 173.



(only one newspaper advertisement was purchased in 1957 by the national Party). Meisel maintains that contributions of "considerable magnitude" came into Conservative headquarters in the last three or four days before the election, reflecting last-minute doubts in the business community as to the probable outcome.<sup>164</sup>

In 1958, considerably more money was available to the Conservatives, who now formed the government. About \$6,000 per constituency was sent to each provincial committee. The leader's tour cost about \$100,000. The national campaign cost close to \$3,000,000, one estimate being from \$2,700,000 to \$2,800,000.<sup>165</sup>

The 1962 campaign was managed in much the same way as the 1957 and 1958 campaigns. It is estimated that even more money was now available, \$3,000,000 or more being spent by central headquarters, with between \$6,000 and \$9,000 being allocated per constituency. Little information is available on the 1963 election, but it is apparent that financial support for the national leadership was considerably diminished. It has been alleged, without proof, that fund raisers did collect money, but much of it was ear-marked for local or provincial Party use rather than the national Party.

### C. *Expenditures in the 1965 Federal Election*

In response to this Committee's letter of October 5, 1965, requesting information on party finances during the 1965 campaign, Conservative officials such as the National President and the National Campaign Organizer supplied orally valuable information on the 1965 federal campaign in a series of meetings held on February 17, 18 and 19, 1966. The information provided indicates that the bulk of the money spent at both the national and local level was collected in Ontario and Quebec. Some provincial wings of the Party, notably British Columbia and Alberta, probably provided most of the money spent within those provinces. At the national level, the Committee was told, major expenditures totalled approximately \$1,950,000. This total may be broken down as follows:

leader's tour and speaker's bureau .....	\$90,000
headquarters administration .....	75,000
all media advertising .....	500,000
constituency grants .....	1,285,000
<hr/>	
Total .....	\$1,950,000

Following the method begun by Senator Grosart in 1957, the specific allocation of constituency grants was left to the various provincial committees. There have also been reports that some Conservative provincial Party organizations intervened actively in the federal campaign in the Maritime Provinces.

Responses to a questionnaire sent to all candidates by the Committee indicate that the pattern of constituency costs for the Conservatives is not too dissimilar from that of the Liberals.<sup>166</sup> However it must be borne in mind that

<sup>164</sup> Meisel, *op cit.*, p. 173.

<sup>165</sup> Confidential source.

<sup>166</sup> See study No. 11 "Canadian Spending Patterns and Attitudes" in Part II of this Report.

according to stated figures the Liberals had almost twice as much money available for all purposes. Where funds were plentiful, Conservative constituency costs matched those of their principal opponents.

Independent investigations conducted for the Committee indicate that the Conservative Party spent about \$449,000 on the print media and about \$414,000 on radio and television at the national, provincial, and constituency levels during the 1965 campaign.<sup>167</sup>

Of the 265 Conservative candidates, 216 filed official declarations of election expenditures, reporting a total of \$1,779,000 for an average of about \$8,200 spent at the constituency level.

#### IV. COOPERATIVE COMMONWEALTH FEDERATION AND NEW DEMOCRATIC PARTY FINANCES 1935-1965<sup>168</sup>

##### A. Introduction

The origins of the Cooperative Commonwealth Federation can be traced back to "... the recurring farmers' movements that have spread over Canada since Confederation,"<sup>169</sup> to small labour parties, and to "... professors, professional people and some business men from Toronto and Montreal ...",<sup>170</sup> notably the influential League for Social Reconstruction. At the first National Convention in 1933 final authority within the CCF was vested in the annual<sup>171</sup> National Convention, interim authority, between conventions, being given to the National Council. To coordinate and administer the Party's day-to-day activities a permanent national office evolved in the years 1932-1938, which subsisted on small sums of money from the provincial Parties and the self-sacrificing efforts of the Party's national office and voluntary staff.

The basis of the CCF's strength lay in its ability to recruit members at the grass-roots, at the provincial or federal constituency level. During the first decade of the Party's existence (1932-1942) the CCF grew unevenly. Significant membership gains were made in British Columbia, Saskatchewan and Ontario, but in the other five provinces, with the exception of Cape Breton Island in Nova Scotia, support for the CCF was minimal. By 1942, the CCF had approximately 20,000<sup>172</sup> members concentrated in British Columbia, Saskatchewan and Ontario. In the period 1942-1945 membership in the CCF in Canada increased

<sup>167</sup> See study No. 10 "Political Broadcasting in Canada" in Part II of this Report.

<sup>168</sup> The Committee's Research Staff wishes to express its appreciation for the cooperation of the officials of the New Democratic Party and its predecessor in making available their files and archives relating to the financial history of these Parties. The staff also wishes to acknowledge the generous assistance of Professor Walter D. Young of the Department of Political Science, University of British Columbia, who in a letter dated Oct. 20, 1965, made available copious information he had gathered on the financial history of the CCF.

<sup>169</sup> McHenry, Dean, E., *The Third Force in Canada, The Cooperative Commonwealth Federation, 1932-1948*, Berkeley, University of California Press, 1950, p. 4.

<sup>170</sup> McNaught, Kenneth, *A Prophet in Politics, A Biography of J. S. Woodsworth*, Toronto, University of Toronto Press, 1959, p. 257.

<sup>171</sup> The CCF National Conventions were held on an annual basis during the first 5 years (1933-1938) except for 1935 when there was no convention. In 1938 the Constitution was amended to provide for biennial instead of annual meetings. For a discussion of the CCF National Conventions 1933-1948 see McHenry, *op. cit.*, p. 32-41.

<sup>172</sup> Lipset, S. M., *Agrarian Socialism*, Berkeley, University of California Press, 1950, p. 119.

fivefold and was variously estimated to have ranged between from 80,000 to 100,000,<sup>173</sup> with a parallel increase in the provinces. But this increase in strength in the period 1942-1945 was followed by an equally sharp drop after 1945. Membership never rose above 40,000 during the rest of the CCF's existence (1946-1961).

By 1946, the formal structure of the CCF was well established. A highly decentralized structure was supported by provincial Parties of differing strengths. The day-to-day operations of the provincial Parties were coordinated by the staff of each provincial office. Constitutionally the provincial Parties were governed by the provincial conventions which elected a provincial council to direct party affairs between conventions.

The provincial Parties were subject to the final authority of the biennial National Convention. This formal organization did not alter effectively after 1946. When the CCF's successor, the New Democratic Party, was founded in 1961, no important changes were made in the Party structure.

## B. *Raising Money for Election Campaigns*

### 1. *The Cooperative Commonwealth Federation*

The CCF followed the traditional pattern of mass-membership parties in trying to raise money for federal election campaigns from individual Party members or supporters. The modest campaign efforts made in the first two federal general elections in which the Party participated, in 1935 and 1940, were financed by membership fees of one dollar per member.<sup>174</sup> However, these sums were insufficient. Additional amounts were solicited from members and supporters prior to and during the election campaign. The constituency organization<sup>175</sup> was responsible for collecting all funds. Above the constituency level, the provincial and the national offices depended on a share of these funds.

The system of fund raising meant that the financial burden of the election campaigns was borne almost exclusively at the constituency level with little or no national participation. When it is noted that total yearly receipts including funds for election expenses at the national office for the years of the federal election campaigns of 1935 and 1940 were \$1,745.50 and \$11,547.45 respectively,<sup>176</sup> it will be apparent how small the sums involved were. The original expectations and financial support from organized groups such as labour, farm organizations and cooperatives were not fulfilled. In the period between 1932 and 1940 only one trade union affiliate, Local No. 26 of the United Mine Workers of America, in Cape Breton, provided significant monetary aid.<sup>177</sup>

The period 1940-45 witnessed a large increase in financial resources for both the inter-election period and the 1945 campaign, as indicated in Table 1, which shows the receipts at the national office for the period 1940-1945.<sup>178</sup>

<sup>173</sup> *Loc. cit.*

<sup>174</sup> Though technically CCF Members of Parliament were simply "members" of the CCF, the party expected relatively large and consistent donations from these men. Often these donations were well beyond their financial ability.

<sup>175</sup> CCF Clubs were an important source of members only up until about 1942. See for instance Zakuta, Leo A., *Protest Movement Becalmed—A Study of Change in the CCF*, Toronto, University of Toronto Press, pp. 43-44.

<sup>176</sup> McHenry, *op. cit.*, p. 5.

<sup>177</sup> *Ibid.*, p. 47.

<sup>178</sup> *Ibid.*, p. 51.



TABLE 1  
CCF NATIONAL OFFICE RECEIPTS 1940-1945<sup>179</sup>

Year	Receipts
1939-40 .....	\$11,547.45
1940-42 .....	16,497.99
1942-43 .....	17,172.81
1943-44 .....	28,320.92
1944-45 .....	35,928.88

The significant increase was directly related to the five-fold increase in CCF membership in the same period. Almost all money received originated in the form of membership fees<sup>180</sup> and donations collected from individual members.

During World War II a number of trade unions affiliated with the CCF.<sup>181</sup> Nevertheless the relatively low affiliation fees of 2 cents per member per month<sup>182</sup> meant that the trade union movement did not yet become an important source of money.

The CCF began collecting funds for the 1945 federal election two years previously. A substantial amount of money was gathered, most of which came in the form of individual contributions to the "Victory Funds" from the three provincial organizations with large memberships: British Columbia, Saskatchewan, and Ontario, where totals of \$78,048.50, \$107,108 and \$37,027.39 were raised respectively for all levels of the Party.<sup>183</sup> Seven provinces in all contributed \$83,822.38 from their Victory Funds to the national office for the 1945 campaign:<sup>184</sup> British Columbia donated \$15,488.25; Alberta, \$7,120; Saskatchewan \$42,491; Manitoba, \$6,812.50; Ontario, \$6,151; Quebec, \$100; and the Maritimes, \$685. Direct donations from "other sources" amounted to \$5,015.<sup>185</sup>

After 1945 the Party suffered a sharp drop in membership, checked only in the 1949, 1953, and 1957 election periods.<sup>186</sup> Most of the membership in these years was concentrated in British Columbia, Ontario and Saskatchewan, the latter often constituting over 50 per cent of the total. The fall in membership resulted in a large decrease in funds. During the period 1946-1958, much of the money spent by the CCF at both the national level and in the provinces was collected in Saskatchewan where the Party had formed the provincial government since 1944. The relatively large Saskatchewan membership, which never fell below 6,500<sup>187</sup>

<sup>179</sup> *Ibid.*, p. 51. These figures were obtained from the Minutes of National Council Meetings and National Convention. Note that the figure 1940-42 covers two years.

<sup>180</sup> The national office was supported in both election campaigns and the inter-election period on quota payments from the provincial Parties. Direct donations to national office made up a very small proportion of its source of funds between 1940 and 1956.

<sup>181</sup> At its 1943 Convention, the Canadian Congress of Labour had endorsed the CCF as the "political arm of labour."

<sup>182</sup> McHenry, *op. cit.*, p. 50.

<sup>183</sup> McHenry, *op. cit.*, p. 90.

<sup>184</sup> *Ibid.*, p. 57.

<sup>185</sup> *Ibid.*, p. 58.

<sup>186</sup> CCF Records, vol. 2 and 3, (P.A.C.) The membership figures were presented annually to the meetings of the National Council of the CCF.

<sup>187</sup> *Ibid.*



was organized into constituency organizations which had a deep sense of "duty" regarding financial support of the Party.<sup>188</sup>

In the 1949 federal election less than \$40,000<sup>189</sup> was available to the national office, a decline of more than 50 per cent from previous elections. Similar declines occurred at all provincial levels except Saskatchewan, where over \$50,000 was collected from individual members.<sup>190</sup> The 1949 campaign demonstrated the weakness of planning a federal election without assured financial expenses. The decline in funds led to the setting up of a National Expansion Program in 1949.<sup>191</sup> Using a target quota for each province the program was intended to raise \$175,000 over a three year period, 1949-51, of which \$25,000 was to be used for a federal election fund. This attempt to put membership drives, membership renewals and appeals for financial support on a systematic basis met with a mediocre response, and died quietly in 1953.

Another effort to raise money in this period took the form of the "Ontario 500 Club,"<sup>192</sup> which appealed to the more affluent members and supporters of the Party for sums above their regular membership fees. While more encouraging than the National Expansion Program, the sums raised were not substantial in terms of the overall needs of the Party.

The decline in the Party's financial strength during the last eight years of its existence from 1953 to 1961 was relieved only by the fact that certain sections of the trade union movement had begun to contribute in the fifties. Trade union assistance was provided to the British Columbia Party organization and the Ontario provincial office for the 1953, 1957 and 1958 federal elections. Local constituencies also benefitted directly. The Ontario provincial office received over \$16,000<sup>193</sup> from the Ontario labour movement in the 1957 election; it was estimated that at least 50 per cent of the \$90,000 to \$100,000 spent at all levels by the Ontario CCF in the 1957 federal election came from union sources.<sup>194</sup> In 1958, portions of the Ontario labour movement contributed almost half of the \$14,000 provincial office budget.<sup>195</sup>

The national office received just over \$21,000 for the 1957 federal campaign.<sup>196</sup> Only three provincial Party organizations, Saskatchewan, Manitoba, and Ontario, provided the national office with funds; \$8,000<sup>197</sup> came

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<sup>188</sup> This was indicated in several interviews with the Hon. M. J. Coldwell in January 1966. A specific instance was related concerning the 1953 federal election when approximately \$10,000 out of \$13,000 collected in Mr. Coldwell's federal constituency of Rosetown-Biggart was sent to the provincial office for use in the national campaign.

<sup>189</sup> See *Report of the Eleventh National Convention*, July 26-28, 1950, CCF *Records*, (P.A.C.) p. 13.

<sup>190</sup> This figure was given as an approximate "total figure" during interviews with Mr. Coldwell, Dec. 1965-March 1966.

<sup>191</sup> CCF *Records* vol. 2, "Report of Committee CCF National Council on Three Year Expansion Program" (P.A.C.).

<sup>192</sup> A similar but unsuccessful attempt was made in Manitoba during this time.

<sup>193</sup> CCF *Records* vol. 53, "Report on the Conduct of the 1957 Federal Election Campaign in Ontario," Aug. 6, 1957, p. 4. (P.A.C.) Note this money was not actually paid to the provincial office; bills of the provincial office were paid for by portions of the Ontario labour movement. Specific figures are not available for British Columbia.

<sup>194</sup> Interviews with Mr. J. Bury, Provincial Secretary of the NDP, December 1965-January 1966.

<sup>195</sup> CCF *Records* vol. 58, "Report on the Conduct of the 1958 Federal Election Campaign in Ontario," May 8, 1958, p. 4. (P.A.C.) As in 1957 bills were paid rather than money being actually sent to the Ontario CCF Provincial Council.

<sup>196</sup> Report of the Fifteenth National Convention of the CCF, 1958, p. 17.

<sup>197</sup> *Loc. cit.*

from trade union sources. In 1958 the pattern was repeated; out of a total of just over \$22,000<sup>198</sup> received at the national office, only four Provinces, British Columbia, Saskatchewan, Manitoba, and Ontario contributed, with more than half (\$13,000)<sup>199</sup> coming from union sources. The elections of 1957 and 1958, in which increasing trade union contributions were made available in the industrialized Provinces of British Columbia and Ontario, established a pattern which continued after the formation of the CCF's successor, the NDP, in 1961.

## 2. *The New Democratic Party 1961-1965*

The NDP has had substantially greater financial resources than its predecessor. There has been no change in its financial bases, rather greater support from individual members and supporters and the union movement. However the relative weight of these sources has shifted in favour of the latter. In contrast to the CCF period when the National Office was financed largely from membership fees and individual donations, the availability of trade union funds has greatly expanded the financial resources of the Party at the national level. In 1962 over \$117,000<sup>200</sup> was collected and in 1963 over \$72,000<sup>201</sup> was made available by national trade unions to the national office. At the provincial and constituency levels a large increase in individual membership also made larger amounts of money available for both the 1962 and 1963 federal elections. In 1962, this made possible an expenditure of over \$500,000<sup>202</sup> by the NDP at the provincial and constituency levels; the figure in 1963 was between \$400,000 and \$500,000.<sup>203</sup>

As far as can be determined, the money used in the 1962 and 1963 federal elections in British Columbia, Saskatchewan and Ontario was collected within these Provinces. However, funds in these Provinces, collected partially from memberships and partially from union sources, were transferred through the national office to Alberta,<sup>204</sup> Quebec<sup>205</sup> and the Maritimes<sup>206</sup> for these campaigns. In 1963 campaign funds were so scarce in Quebec that almost all of the money used in that Province came from the federal Party; the Party, in fact, "instigated a Canada-wide drive to raise funds from constituency associations for the campaign in Quebec."<sup>207</sup> Approximately \$1,000,000 appears to have been available at all three levels for the 1965 federal election.

## C. *Budgeting*

### 1. *The Cooperative Commonwealth Federation*

In the 1935 and 1940 federal elections, budgeting for the CCF meant little more than a brave attempt to collect sufficient money to pay for the candidate's

<sup>198</sup> *Ibid.*, p. 20.

<sup>199</sup> *Loc. cit.*

<sup>200</sup> Second Federal Convention of the NDP Aug. 6-9, 1963, p. 8.

<sup>201</sup> *Ibid.*, p. 11.

<sup>202</sup> Interview with Mr. T. Grier, National Secretary, NDP, December 8, 1965.

<sup>203</sup> *Ibid.*

<sup>204</sup> Interview with Mr. G. Notley, Provincial Secretary, NDP of Alberta, Jan. 17, 1966.

<sup>205</sup> Interviews with Mr. T. Grier, National Secretary, and Mr. M. Boulard, Provincial Secretary of the NDP of Quebec, December 1965-January 1966.

<sup>206</sup> Interviews with Mr. T. Grier, December 1965-January 1966.

<sup>207</sup> Sherwood, D. H., *The New Democratic Party and French Canada (1961-1965)*, unpublished M.A. thesis, Montreal, McGill University, 1966, p. 128.

deposit and some pamphlets and posters.<sup>208</sup> After the 1940 election, the CCF's overall financial position began to improve. However, attempts at budgeting for both the election and inter-election period were complicated by the fact that the bulk of the money had to be collected from individuals at the constituency level and then divided between the three levels of the Party structure: the constituency association, the provincial office and the national office. Budgeting was done by setting "quotas" for constituency associations to be collected in the form of membership fees and donations. At both the provincial and national levels the quota system became an attempt to spread the burden over a wide base. The dependance of one level of the Party on the ability of another level to reach a predetermined target quota created difficulties. Between 1940 and 1960 attempts were made to spread national office costs amongst the provinces, but the modest targets established were never met. British Columbia, Saskatchewan, Alberta and Ontario were reasonably dependable, but the remaining provinces seldom reached their targets. The national office therefore found great difficulty in attempting to plan either its overall role or individual activities.

The operation of the quota system may be seen in the budget for the 1945 federal general election campaign. The budget, covering all three levels of the party organization, was to be met by a system of individual quotas drawn for all parts of Canada. The CCF estimated its expenses as follows:<sup>209</sup>

245 constituencies at \$200 deposit .....	\$49,000
245 constituencies at \$1,000 expenses .....	245,000
9 provincial offices at \$25,000 .....	225,000
National Office expenses .....	50,000
<b>Total .....</b>	<b>569,000</b>

To raise this money, the constituency organizations were to find 187,800 people willing to meet the following individual quotas:

100 subscribers at \$500 .....	\$ 50,000
200 subscribers at \$250 .....	50,000
500 subscribers at \$100 .....	50,000
1,000 subscribers at \$50 .....	50,000
2,000 subscribers at \$25 .....	50,000
5,000 subscribers at \$10 .....	50,000
10,000 subscribers at \$5 .....	50,000
169,000 subscribers at \$1 .....	169,000
<b>Total .....</b>	<b>519,000</b>

This was the most ambitious election budget ever attempted by the CCF. Although the Party had almost two years to find donors to meet the quotas, the plan turned out to be a chimera. While the national office collected over \$80,000 and in British Columbia, Saskatchewan and Ontario, the Party raised more money than in previous election campaigns, the CCF never reached the overall budgeted figure of \$569,000. Estimates have placed the final figure at just over \$300,000.<sup>210</sup>

After 1945, the CCF never again attempted a budget on such a scale. In the four elections between 1946 and 1960, money was so scarce for all provinces except British Columbia and Saskatchewan, that elections were thought of not so

<sup>208</sup> From interviews with Mr. Coldwell, December 1965-March 1966.

<sup>209</sup> CCF Records, vol. 1, Minutes of National Council Meetings, meeting of September 5-6, 1943, (P.A.C.)

<sup>210</sup> From interviews with Mr. Coldwell, December 1965-March 1966.



much in terms of drawing up a budget to fight a competitive campaign as of meeting the minimum expenses of presenting candidates. At the national level, budgeting was, in the words of the CCF leader, Mr. Coldwell, "a pious hope" discussed at national executive meetings.<sup>211</sup> The national campaign budget was merely an attempt to cover the expenses of a modest national tour by the national leader and other speakers.

## 2. *The New Democratic Party*

The NDP has been able to collect significantly more money, especially at the national level, than its predecessor. Increased emphasis has been placed on budgeting for federal campaigns. The system of predetermined quotas from the provincial Parties has been abandoned. The national office and the national election campaign have become almost totally dependent on trade union contributions.<sup>212</sup> The dependable nature of this source has permitted the framing of a budget at the national level.

The first step occurs when members of the national executive meet with representatives of several of Canada's larger trade unions to decide on the contributions from each of the affiliated unions. The union representatives make an estimate of the total funds available, based on a per capita contribution which is determined solely by the unions involved. Having been given this figure the Party's national executive then draws up a minimum and maximum budget based on the lowest and highest estimated total contributions. As most of the budget at the national level is concerned with publicity, the principal allocations are worked out in detail by the publicity sub-committee of the national executive. The overall responsibility for the coordination of the national campaign budget is always given to the national secretary, who is a full-time Party employee. Together with his staff at the national office he elaborates the final details of the budget.<sup>213</sup>

At the provincial office level a variety of procedures are used for planning the financing of federal elections. However, a group usually designated as the "finance committee," drawn from the provincial executive, usually draws up the budget. Ideally the Party would like to adopt the system which has evolved in Ontario.<sup>214</sup> The principle of the Ontario budgeting system is to channel all money through the constituency association. All individual contributions and group contributions, (i.e., from trade unions) must theoretically come to the Party through collections at the constituency level. No money is received directly at the provincial office. After an election is called the Ontario provincial office sends out a form asking all constituency associations to submit estimates of their receipts for the election campaign. Total receipts are allocated in theory as follows: 80 per cent to the constituency and 20 per cent to the provincial office. The Ontario provincial office then budgets on the basis of 20 per cent of all constituency receipts. This procedure has several important characteristics: 1. all money received by the Ontario Party passes through designated, traceable channels; 2. both the constituencies and the provincial office must draw up related budgets so that a reasonable degree of planning enters into election financing;

<sup>211</sup> *Ibid.*

<sup>212</sup> Interview with Mr. T. Grier, December 8, 1965.

<sup>213</sup> Interview with Mr. T. Grier, June 3, 1966.

<sup>214</sup> Interviews with Mr. Desmond Morton, Assistant-Provincial Secretary, Ont., NDP, Mr. J. Bury, Provincial Secretary, Ont., NDP, and Mr. T. Grier, National Secretary, NDP, December 1965-February 1966.



3. coordination and a degree of centralization of the federal election finances throughout the Province is achieved; 4. finally, the system provides for transfer payments within the Province among the various levels of the Party for federal election purposes.

#### D. Expenditures

##### 1. *The Cooperative Commonwealth Federation*

The flow of money used for CCF election expenditures tended to move upward from the constituency level. In the first two federal elections in which the CCF participated,<sup>215</sup> the decentralized nature of the Party's structure and the general lack of funds meant that little money was spent beyond the constituency level. The expenditures by the national office in these elections, and especially that of 1935, appear to have been exceedingly small.<sup>216</sup> However, by 1945 a significant increase in expenditures occurred at both the national and local level. In the opinion of several of its leaders,<sup>217</sup> the 1945 federal election was probably the only occasion when the CCF was able to expend sufficient funds to compete, even on a modest scale, with the Liberals and Conservatives. At the federal level the national office spent just over \$80,000 out of an estimated total expenditure of \$300,000:

More than one half . . . [of the \$80,000] was spent for publicity, including newspaper advertising, billboard space, and campaign literature. Organizers' salaries and expenses constituted the second largest item on the expenditure side. In third place were subsidies to areas in which the CCF was weak organizationally . . . Quebec, Prince Edward Island, New Brunswick and Yukon (territory). Fourth were the travelling expenses of national officers and speakers.<sup>218</sup>

At the provincial office and constituency level the CCF spent at least \$200,000.<sup>219</sup> Most of this total was spent in British Columbia, Saskatchewan, Manitoba and Ontario on candidates' deposits, campaign literature, posters and newspaper advertising.

Between 1946 and 1961 the CCF fought four federal election campaigns amid a general decline in its individual membership.<sup>220</sup> In British Columbia and Saskatchewan no appreciable decline on election expenditure occurred; estimates indicate that between \$25,000 and \$60,000<sup>221</sup> was spent at the provincial office and constituency level in each of these four elections in British Columbia and Saskatchewan. But in other parts of Canada, including Ontario, expenditures steadily decreased. At the constituency level, expenditures ranged from a minimum of the \$200 candidate deposit, to a high of approximately \$6,000,<sup>222</sup> with the majority of CCF candidates spending less than \$1,000.<sup>223</sup>

<sup>215</sup> The 1935 and 1940 elections.

<sup>216</sup> McHenry, *op. cit.*, p. 57.

<sup>217</sup> Among them, Mr. Coldwell and Mr. Stanley Knowles, M.P.

<sup>218</sup> McHenry, *op. cit.*, p. 58.

<sup>219</sup> This figure, which can only be considered a guide, was obtained by adding together the Victory Funds of B.C., Ont., and Sask. (*Ibid.*, p. 58), together with an estimate of money spent in Manitoba by Mr. Knowles in an interview in 1965. The expenditures in other provinces were impossible to determine.

<sup>220</sup> See Section IV, B. I. *supra*, in this study.

<sup>221</sup> Interviews with Mr. Coldwell, Dec. 1965-March 1966, and the Provincial Secretaries of British Columbia (Mr. E. Hall) and Saskatchewan (Mr. L. Benjamin), 17 January 1966.

<sup>222</sup> Interviews with Mr. Coldwell and Mr. Stanley Knowles M.P., Jan.-March 1966.

<sup>223</sup> *Ibid.*

Perhaps the strongest reflection of the CCF's declining expenditures during the period 1946-1961 came at the national office. Almost entirely dependent on quota payments from the provinces,<sup>224</sup> the national office's expenditures declined from over \$80,000 in 1945 to just over \$35,000 in 1949.<sup>225</sup> These expenditures dropped to under \$30,000 in 1953.<sup>226</sup> By the 1957 federal election, national office expenditure fell to just over \$20,000 for the 1957 and 1958 campaigns.<sup>227</sup>

## 2. *The New Democratic Party*

The NDP has shown a considerable increase in expenditures over its predecessor at both the national and local levels. In the 1958 election the CCF national office spent just over \$20,000; in the 1962 election the NDP national office spent over \$116,000.<sup>228</sup> Expenditures for the 1963 election amounted to approximately \$70,000,<sup>229</sup> and for 1965, approximately \$207,000. The bulk of the increase in expenditures at the NDP national office went toward publicity, office administration and the leader's tour. Most of the money spent on publicity was used to buy space or time in the three mass media, radio, television and newspapers.

At the provincial office and constituency level the NDP spent an estimated \$560,000<sup>230</sup> throughout Canada in the 1962 federal election, with the greater part being spent at the constituency level.

An analysis of constituency expenditures reveals that the NDP in 1962 appeared to have spent most of its money at the constituency level, on posters, display material, pamphlets and newspaper advertising. Interviews with Party leaders, officials and candidates appear to confirm this expenditure pattern. Most interviewees felt that the rate of return (in terms of votes) on these three expenditures would be higher than the more expensive media of radio and television.

In the 1963 election, the NDP appears to have spent between \$400,000 and \$500,000 at the constituency and provincial office level. Party officials indicated that the expenditure patterns were similar to those of 1962.<sup>231</sup> The estimated 1965 NDP campaign expenditures of just under \$1,000,000 for all levels of the Party, which are presented below, indicate that the Party has become a major contender on the Canadian political scene.

## E. *The New Democratic Party Expenditures in the 1965 Federal Election*

The New Democratic Party provided the Committee with an extensive list of campaign expenditures at both the national and provincial office levels. Early in

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<sup>224</sup> Collected in the form of membership fees and individual donations.

<sup>225</sup> Report of the Eleventh National Convention of the CCF, July 26-28, 1950, p. 13.

<sup>226</sup> Figures for 1953 and 1957 figures supplied by Professor Walter D. Young.

<sup>227</sup> Report of the Fifteenth National Convention of the CCF, 1958, p. 20.

<sup>228</sup> Second Federal Convention of the NDP, Aug. 6-9, 1963, p. 9.

<sup>229</sup> *Ibid.*, p. 12.

<sup>230</sup> Based on estimates made in interviews with various Party officials and the official returns of candidates in the 1962 election (form 61). See also Appendix 2 in Part III of this Report.

<sup>231</sup> Interviews with Mr. T. Grier, National Secretary NDP, December 1965-January 1966.

the 1965 federal campaign, Hon. T. C. Douglas, national leader of the NDP announced that for the first time in history his Party would spend \$1,000,000 in a federal election.<sup>232</sup> When the election was over it appeared that the total expenditures had indeed come close to that figure.

At the national level a total of approximately \$207,308 was spent. This included:<sup>233</sup> radio \$17,538; television \$56,670; newspaper \$36,188; printed matter, including posters and outdoor advertising \$13,021; the leader's tour \$10,954; grants to candidates and constituency organization \$15,204; administrative expenses of national headquarters \$49,415; and other expenses \$8,318.

At the provincial level a total of approximately \$232,511 was spent: British Columbia \$45,000;<sup>234</sup> Alberta \$37,000;<sup>235</sup> Saskatchewan \$46,357;<sup>236</sup> Manitoba \$7,954;<sup>237</sup> Ontario \$55,500;<sup>238</sup> Quebec \$70,000<sup>239</sup> and Nova Scotia \$3,300.<sup>240</sup>

Provincial office expenditures varied considerably. The only major expenditure common to all provincial offices was for administration. Relatively large sums were also paid to organizers for salaries and expenses. In the areas of major Party strength, British Columbia, Saskatchewan and Ontario, a significant proportion of the provincial office expenditure went toward publicity on radio, television and newspapers. Almost all the money spent in Quebec was funnelled through the provincial office.

The NDP appears to have been able to spend larger sums than in previous elections, especially in the large metropolitan urban areas. Whereas in previous elections expenditures in constituencies ranged from the minimum \$200 candidate deposit to a little more than \$10,000, in 1965 the expenses of some candidates were in the neighbourhood of \$20,000. Of the 255 party candidates, 175 made official declarations of expenditures totalling \$516,000,<sup>241</sup> an average of about \$3,000 per reporting candidate. Approximately \$207,000 is known to have been spent at the national level, and \$233,000 at the provincial office level. Information obtained by the Committee indicates that on advertising alone the Party at all levels spent about \$300,000 (\$154,000 on radio and television;<sup>242</sup> \$146,000 on print media).<sup>243</sup> Total expenditures in the 1965 election by the New Democratic Party at the national, provincial, and constituency levels may thus have come close to the \$1,000,000 forecast by Mr. Douglas at the outset of the campaign.

<sup>232</sup> *La Presse*, September 10, 1965. Also letter from Mr. T. Grier, dated December 13, 1965, and a report (January 18, 1966) by him (p. 8), given to the research staff of this Committee.

<sup>233</sup> The national office figures are contained in a letter dated December 13, 1965, from Mr. T. Grier to the research staff of this Committee.

<sup>234</sup> Interview with Mr. M. E. Hall, Provincial Secretary, NDP of B.C., January 17, 1966.

<sup>235</sup> Letter from Mr. G. Notley, Provincial Secretary, NDP of Alta., to research staff of Committee January 27, 1966.

<sup>236</sup> Letter from Mr. L. Benjamin, Provincial Secretary, CCF-NDP of Sask., to research staff of Committee, February 20, 1966.

<sup>237</sup> Letter from Mr. D. Swail, Provincial Secretary, NDP of Man., to research staff of Committee, January 27, 1966.

<sup>238</sup> Interview with Mr. J. Bury, Provincial Secretary, NDP of Ont., December 15, 1965.

<sup>239</sup> Interview with Mr. M. Boulard, Provincial Secretary, NDP of Que., January 19, 1966.

<sup>240</sup> Letter from Mr. R. Gilmen, Provincial Secretary, NDP of Nova Scotia, to research staff of Committee Feb. 1, 1966.

<sup>241</sup> See study No. 11 "Candidate Spending Patterns and Attitudes" in Part II of this Report, and Appendix 2 in Part III of this Report.

<sup>242</sup> See study No. 10 "Political Broadcasting in Canada" in Part II of this Report.

<sup>243</sup> See study No. 9 "Newspaper Advertising Expenditures and Lineage of the 1965 and 1963 Federal Elections" in Part II of this Report.



## V. THE SOCIAL CREDIT PARTY FINANCE 1935-1965

### A. *Party Financing 1935-45*

In 1935 the Alberta Social Credit Party captured an overwhelming majority of the seats in the Alberta Legislature. This victory was the product of an efficient and broadly based organization led by a political organizer of genius. William Aberhart may be said to have been the first Canadian political leader to recognize the full potential of the radio-broadcasting medium.<sup>244</sup> The Social Credit movement, centered on the Calgary Prophetic Bible Institute, had recruited a large enthusiastic following, and financial support at the "grass-roots" through a dense web of study groups spread across the Province of Alberta.<sup>245</sup> In the federal general election which followed in October 1935, Social Credit elected 17 members to the House of Commons: 15 from Alberta, 2 from Saskatchewan. In 1940 this same grass-roots organization sent ten members to the House of Commons under the banner of the New Democracy Party promoted and lead by Hon. W. D. Herridge. The funds required for those early elections (including the provincial election of 1940) under the leadership of Premier Aberhart came from the contributions of small businessmen, professionals and farmers who formed the core of the movement and had been moved by its doctrines.

However, by the 1945 federal election several changes had occurred which were to change the complexion of the movement. Court decisions and disallowance by the federal cabinet had prevented the adoption of much of the movement's original program. Aberhart was dead and had been replaced as Premier by his long time assistant, Ernest Manning. Wartime prosperity and the beginnings of exploitation of the Province's vast petroleum resources had changed Alberta's economic outlook. As the party moderated its views, businessmen who had formerly been wary of its doctrines slowly began to give it financial support, especially as the threat of socialism loomed next door with the CCF victory in Saskatchewan in 1944.

The 1945 election brought 13 Alberta Social Credit members to the federal Parliament under the aegis of the National Social Credit Association, which had been formed in 1944 in an attempt to spread the party organization beyond the Province's border. This campaign was apparently financed by business sources<sup>246</sup> close to the Alberta provincial Party. Available information indicates that provincial Party support of the national Party had been at best intermittent.<sup>247</sup>

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<sup>244</sup> For a full discussion of the early years of the Social Credit Party in Alberta, see Irving, John A., *The Social Credit Movement in Alberta*, Toronto, University of Toronto Press, 1959, *passim*.

<sup>245</sup> *Ibid.*, see especially pages 138, 193, 343.

<sup>246</sup> As alleged by Professor M. Stein, in his unpublished paper prepared for the use of this Committee, entitled, "The Finances of the Ralliement des Cr ditistes" Jan. 1966, p. 73.

<sup>247</sup> Information concerning the National Social Credit Association from 1945 until 1959 was obtained by Hugh Halliday, a graduate student at Carleton University, who very kindly made it available to the Committee's research staff. The material is drawn from the papers of Solon Low, the late leader of the party, which have recently been released by the Glenbow Foundation, Calgary. Use was also made of H. A. Halliday, *Social Credit as a National Party in Canada*, unpublished M.A. thesis, Ottawa, Carleton University, 1966, (typescript) 176 pp.



## B. Party Postwar Financing

The National Social Credit Party has always lived on a "hand-to-mouth" basis with some support from the Alberta Social Credit Party under Premier Manning. Following the 1945 election the party faced a severe financial problem with a deficit of \$3,000 at the head office alone. It was also felt that any attempt to confine National Social Credit activity to Western Canada would be unwise, in view of the fact that Ontario was potentially a greater source of campaign funds.<sup>248</sup> The financial situation of the Party loomed large at a meeting of the National Council in Ottawa in the Fall of 1945. It was pointed out that Alberta should be at least supported more heavily in its financing of the association on a national scale.<sup>249</sup> Despite appeals in the *Canadian Social Creditor*, funds sent directly to the National body represented a mere trickle. From time to time the party paper published a list of contributors and amounts given to the "On to Ottawa Fund," known in 1946-47 as the Victory Fund. The figures are not complete, but they can be used to illustrate how little came in from this source. Between November 7, 1946, and July 31, 1947, the paper recorded a total of only \$40.52 in contributions; the figures for February and April 1947 were not recorded. More than half of this money came from persons or groups inside Alberta. One cannot avoid the conclusion that the National Social Credit Association continued to depend heavily on the Province of Alberta. Indeed at the second National Convention held in Regina in April, 1946, it was noted that Alberta practically financed the movement although the hope was again expressed that the other provinces would increase their contributions.<sup>250</sup>

A financial statement for the period July 1, 1946 to October 31, 1947, while not agreeing completely with the figures listed for the "On to Ottawa Fund" nevertheless shows how the organization was subsidized by its various provincial wings. It lists the following figures:

### RECEIPTS

From the Alberta Social Credit League .....	\$4,332.17
From the Sask. Social Credit League .....	118.00
From the Ontario Social Credit League .....	941.50
From the Manitoba Social Credit League .....	100.03
From the B.C. Association .....	135.10
Union des Électeurs—Pontiac Account .....	32.40
From literature and buttons .....	46.00
From donations .....	22.25
Victory Account .....	800.00
Total of Receipts .....	<u>\$6,527.45</u>

In other words, the Alberta movement financed two-thirds of the budget, with Ontario alone providing any meaningful assistance. The largest expenditures were for the salaries of organizers and officials. The National Secretary received \$1,254.91 and the Acting National Organizer, (now the President of the Alberta Social Credit League) received \$1,200.

<sup>248</sup> Solon Low to S. J. Fisher, July 30, 1945 (Low Papers), Stein, *op. cit.*, Appendix II, p. 1.

<sup>249</sup> Minutes of Meeting of the National Council, Social Credit Association of Canada, Sept. 10-11, 1945 (Low Papers), *ibid.*

<sup>250</sup> Report on Second National Convention, April 4 to 6, 1946. (Low Papers). Stein, *op. cit.*, Appendix II, p. 2.

Other expenditures for radio, printing, buttons, telephones, telegrams, postage, express charges, stationery, secretarial work and typewriters amounted to a further \$2,547.32. The remaining one-fourth of the budgeted expenditures were for items such as: Social Credit schools, \$150, the National Leader's expenses, \$450.38, and the expenses of other officials. The cash on hand as at October 31, 1947, was only \$50.<sup>251</sup>

As a further illustration of the limited budget and finances of the National Social Credit Association, we may turn to the following excerpts from a letter, dated August 21, 1946, to the National Secretary Treasurer of the Social Credit Association of Canada, from the National Leader, Mr. Low.<sup>252</sup>

... for the past 10 days, we have concentrated in Southern Pontiac ... [the constituency in which R  al Caouette was first elected to Parliament in a by-election in 1946 as a representative of the Union des   lecteurs] ... Mr. Even and his crowd haven't done anything at all yet. They have left the advertising to me. I got out some bills for which we will have to pay I guess. Therefore I am sending you a cheque which I would like you to sign and send back as quickly as you possibly can so that the printers won't feel that we are neglecting them. The Members [of the National Social Credit Association who were then Members of Parliament] here have contributed to a fund of our own to take care of the expenses of the M.P.'s in their meetings in the North [that is in Pontiac where the Social Credit Members of Parliament were campaigning on behalf of R  al Caouette]. Therefore there won't be any bills to pay in that direction.

The National Organization owes Radio Station CJCA in Edmonton a matter of \$330.47 representing the balance of rather a large broadcasting order in the last election. I would appreciate it if you would sign the enclosed cheque and return it to me so that I can sign it and mail it directly to them.

... I am sending along a cheque for your signature payable to the Bell Telephone Company for \$7.60. I would appreciate it if you would sign the same and return it for mailing.

Sincerely,

(Signed) SOLON E. LOW, M.P.

The Union des   lecteurs split with the National Social Credit Association in January of 1948. Subsequently relations between the National Association and the Union des   lecteurs worsened to the point where Mr. Low agreed to recognize a splinter group of Cr  ditistes from Quebec as the official representatives of the National Social Credit Party in Quebec. It called itself "La Ligue du Cr  dit Social," and had its headquarters in Quebec city.

The following Minutes<sup>253</sup> and letters<sup>254</sup> illustrate once more the financial straits of the National Social Credit Association even as late as 1952.

Whereas Social Credit has a solid foothold in the Province of Alberta and whereas progress towards the establishment of a Social Credit Government at Ottawa cannot be hoped for until every province supplies Social Credit deputies, and whereas Louis Even's movement will not offer any more candidates, the undersigned believe it is time to lay a solid basis for a Democratic Social Credit Movement in the Province of Quebec. We believe that you can help us to find \$5,000.00 to start our association and keep it operating for one year with a full time secretary, with an office and an electrical sign

<sup>251</sup> Minutes of National Council Meeting, November 29-30, 1947. (Low Papers). Stein, *op. cit.*, Appendix II, p. 3.

<sup>252</sup> Low Papers. Quoted in Stein, *op. cit.*, Appendix II, pp. 3-4.

<sup>253</sup> Extracts from the Minutes of the Quebec Social Credit League, June 27, 1952. Quoted in Stein, *op. cit.*, Appendix II, p. 5.

<sup>254</sup> Solon Low to J. E. Bouchard (President of the League), November 25, 1952, (Low Papers). Quoted in Stein, *op. cit.*, Appendix II, p. 6.

in the busiest square in Quebec. After that year we are assured that sufficient funds will be available to allow us to spread to other cities. We base our present proposition on your statement at the Palais Montcalm about four years ago that you knew a number of people in this province who could advance that kind of money for a really democratic organization.

A later reply to Mr. Bouchard's letter from Mr. Low came on November 25, 1952:

My dear Mr. Bouchard:

Mr. Hansell and I have had only a few minutes together since he arrived back in the city, but that seems fairly enough time to get the financial picture fairly clearly. Unfortunately, our Movement seems always to have to get along with little or no money. Somehow or other we do seem to be able to rake up enough when we face an election campaign, that is, enough to help us to win. But, the amount we spend is frightfully small as compared with the other parties. For example, our Party Headquarters in Vancouver spent no more than \$10,000 all told, in the B.C. Campaign, to elect nineteen Members. Over and above this of course, each individual candidate did spend some money, but the amount would not be in excess of four or five hundred dollars each.

Those figures must seem to you to be infinitesimal. They are. We have learned to campaign effectively without spending great sums of money. We don't pay big amounts for assistance of any kind. About the only thing that we have been able to spend on is advertising and radio costs. The nickels, dimes and quarters of the people's contributions take care of the rest.

There is nothing that we can do for you in a financial way except to suggest that you form a committee for the purpose and have them make a canvass amongst the people of your Province who might be prepared to contribute to your campaign. That is the way we have had to do it in all provinces thus far and I suppose that if money is raised in Quebec, that is the way it will have to be.

The following formal reply came from Mr. Bouchard, dated December 2, 1952:

I am sorry not to have made myself more explicit in my previous letters but if we have mentioned an amount of money it was in case you knew it to be available in this province. We know that the central organisation cannot be used for this purpose.

What would solve most of our problems, financial and otherwise, is a declaration from you to the press that La Ligue du Crédit Social de Québec is affiliated with the Social Credit Association of Canada and will take charge of the political organisation for the province of Québec in the federal field. Also that any one in Québec who wants to participate should communicate to the Secretariat at 92 Crown Street, room 16, Québec for information.<sup>255</sup>

Though it is uncertain whether or not the British Columbia Social Credit Party contributed much to the 1953 National Social Credit federal campaign fund, indications are that from the mid-fifties onward, the British Columbia Social Credit Party probably contributed about half the overall money available to the Social Credit Party in federal elections.<sup>256</sup>

In the 1958 federal election, the Social Credit representation in the House of Commons was wiped out as a result of the Conservative landslide. Following this disastrous result, the provincially based Social Credit Parties in Alberta and

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<sup>255</sup> Letter from J. E. Bouchard to Solon Low, December 2, 1952. (Low Papers). Quoted in Stein, *op. cit.*, pp. 6-7.

<sup>256</sup> The Alberta Social Credit Party, which has always been the mainstay of the National Party, contributed the other half. See Halliday, *op. cit.*, pp. 115-116.



British Columbia attempted to rebuild interest in other provincial Social Credit organizations, sending "national organizers" into various parts of Canada. One of these national organizers on a tour of Northern Ontario and Quebec, in 1960, allegedly met the leaders of the Quebec-based Ralliement des Cr ditistes, in Rouyn, Quebec. He convinced them to send delegates to the National Social Credit Convention in Ottawa in July of 1960. At this convention a new constitution for the National Social Credit Party was drafted. This new constitution formalized the *de facto* decentralization of the party. Complete autonomy was given to the provincial associations to issue membership cards and to form new constituency associations. These associations were to be self-financed, and could not expect much aid from the national party.<sup>257</sup>

In the 1962 federal election, Social Credit won 30 seats, the Ralliement des Cr ditistes accounting for 26 seats in Quebec, and the other four seats being split evenly between British Columbia and Alberta.

The Ralliement des Cr ditistes financed its own campaigns in Quebec,<sup>258</sup> with almost all the money spent outside that province coming from Alberta and British Columbia.<sup>259</sup>

The 1963 federal election appears to have followed the same pattern as in the 1962 federal campaign. The *de facto* autonomy of the provincial branches on the organizational and financial levels undoubtedly contributed to and made possible the split between the National Party and the Ralliement in 1963, a split which was maintained during the 1965 campaign.

### C. Expenditure in the 1965 Federal Election Campaign

The Committee received no reply from the Social Credit leadership to its formal request for information concerning the financing of the 1965 campaign. What follows, therefore, is based perforce on data collected by the Committee in the course of other investigations. Of the 86 Social Credit candidates, 60 submitted official declarations showing total claim expenditures at the constituency level of \$142,800, an average of \$2,380 per reporting candidate.<sup>260</sup> Radio and television expenditures, according to the Board of Broadcast Governors, were approximately \$49,000;<sup>261</sup> the Committee's study of print media expenditures shows a total outlay of \$87,115 at all levels.<sup>262</sup>

## VI. FINANCES OF THE RALLIEMENT DES CR DITISTES<sup>263</sup> 1958-1965

### A. Introduction

The Ralliement des Cr ditistes began as a break-away group from the Union des  lecteurs, a Quebec-based political Party founded in 1939. After a poor showing

<sup>257</sup> Stein, *op. cit.*, p. 19.

<sup>258</sup> See the section *infra*: VI. "The Ralliement des Cr ditistes 1958-1965."

<sup>259</sup> Confidential source.

<sup>260</sup> See study No. 11 "Candidate Spending Patterns and Attitudes" in Part II of this Report and Appendix 2 in Part III of this Report.

<sup>261</sup> See study No. 10 "Political Broadcasting in Canada" in Part II of this Report.

<sup>262</sup> See study No. 9 "Newspaper Advertising Expenditures and Lineage of the 1965 and 1963 Federal Elections" in Part II of this Report.

<sup>263</sup> This section is based on a detailed study by Professor M. Stein, "The Finances of the Ralliement des Cr ditistes" prepared for the use of this Committee, (typescript), January 1966.



in the 1948 Quebec provincial, and the 1949 federal elections, the Union des Électeurs did not present candidates under its own name, but restricted itself to an educative role in Quebec. In April 1958, nine members of the Union des Électeurs and two others, who had decided that they no longer wished to remain "passive," proclaimed their intention of participating in elections. These persons became the nucleus of the Ralliement des Créditistes.<sup>264</sup>

### B. Background of Early Organization and Finance

From the outset the Ralliement's primary goal was to elect members to the federal Parliament. As with the Cooperative Commonwealth Federation, it began immediately after its formation to try to attract a large "grass-roots" following which could provide it with both electoral and financial support.

Soon after the 1958 federal election, Mr. Réal Caouette, leader of the Ralliement des Créditistes borrowed funds<sup>265</sup> to finance a series of 26 bi-monthly television broadcasts over the Rouyn-Noranda station. The initial response to these broadcasts was good and in the fall of 1959, further money was borrowed to extend television coverage to the Sherbrooke and Quebec City regions. This decision marked an important turning-point in the Ralliement's history. Until that time, it had remained a small party of a few hundred members, drawn almost entirely from former members of the Union des Électeurs and friends of the Ralliement's leaders. The extension of television coverage brought with it new sources of funds. At this time a permanent office and staff was established in Quebec City.<sup>266</sup> There is a remarkable parallel between the use of television by Mr. Caouette in the fifties and sixties and the use of radio by the late William Aberhart in the thirties and forties. Both may be said to have been perhaps the most successful political exploiters of the electronic communications media in Canada to date.

The leaders of the Ralliement, Laurent Legault, Gilles Grégoire and Réal Caouette, established a system for financing the movement which ensured that the large television expenditures would be covered at least in part by the people who were given the privilege of viewing the Ralliement leaders.<sup>267</sup> Membership cards (*carte de membre actif*) were printed and distributed to Ralliement workers in key centres of the province, who were urged to canvass their counties. When enough cards were sold, Mr. Caouette, by 1959 an established and popular television personality, was brought into the area; if not, the Ralliement leader did not appear on the local television station.

The Ralliement journal, *Regards*, urged its readers to recruit active members by circulating and filling in application forms. Those who acquired membership, ostensibly because they had been impressed by Mr. Caouette's performance on television, were expected to increase their knowledge of Social Credit and their contact with other Ralliement members. New members would subscribe to the newspaper. In turn they too would begin to sell membership cards. The growth of party membership expanded the financial resources of the party, which were based on the sale of membership cards, and the circulation of the Party's

<sup>264</sup> A list of these persons is found in Stein, *op cit.*, p. 16.

<sup>265</sup> *Ibid.*, p. 16.

<sup>266</sup> *Ibid.*, p. 17.

<sup>267</sup> *Ibid.*, p. 19.

newspaper. All of these benefits were dependent on the response to the television performances of Mr. Caouette. By the spring of 1961, the Ralliement claimed membership of 12,000.<sup>268</sup>

In 1960, the Ralliement joined the western-dominated Social Credit, giving the "national" Social Credit Party a strong eastern wing. This union between the western Social Credit Party and the Ralliement des Créditistes did not affect the provincial organization of the Ralliement.

The Ralliement derived its strength from a grass-roots form of organization centred in the constituencies. Constitutionally, the party divided its powers and organization into echelons: the provincial executive, the provincial council, the general assembly, the constituency executive, and active members.<sup>269</sup>

### C. The 1962 and 1963 Federal Elections

At the provincial congress of the Ralliement in July, 1961, Mr. Legault, provincial organizer outlined his organization plans for the years which became the campaign strategy of the Ralliement des Créditistes for the 1962 federal election.<sup>270</sup> Mr. Legault envisaged a central role for television. From October 1961 until the following summer Social Credit was to be promoted on French networks in all major population areas and thus bring within the orbit of the Party such new regions as Bas du Fleuve, the Gaspé, Trois-Rivières, and Montreal. The cost of such full coverage was estimated at \$2,000 per week, or a total of \$70,000, to which another \$20,000 was to be added for additional television and newspaper publicity.<sup>271</sup> About \$3,000 to \$4,000 were required therefore for each constituency. These funds were to be found by recruiting 300 people who would contribute \$14 a year to the Party: \$1 a month in membership fees and \$2 for a year's subscription to the Party's journal *Regards*. Under a new province-wide system of membership, the card was to be sent directly by the central office to the member. A centralized campaign fund was to be the result.

Members were to be organized into constituencies controlled by an organizer-in-chief with section organizers for every 10 polls (1,000 votes) in the district, and organizers and their assistants for every 100 votes. The organizer-in-chief and section organizers were advised to hold two public assemblies in succession within a month's interval. The object was to expand the original core group of some 10-15 members to 100 or 150 by intensive recruitment and devolution of assignments. At the second assembly, membership cards were to be sold. At a third assembly, held if possible at least two months before the federal election, and not later than April 1962, the members were to meet as a nominating convention to select constituency candidates.<sup>272</sup>

Not all of the constituencies were able to live up to the standards Mr. Legault envisaged. The Créditiste television programs which were beamed into

<sup>268</sup> *Ibid.*

<sup>269</sup> See *Constitution Provisoire*, Comité de la Constitution Aug. 26, 1962, and *Constitution* de Ralliement des Créditistes: adopted with amendments at Granby, September 1, 1963, cited in Stein, *op. cit.*, p. 41.

<sup>270</sup> Legault, Laurent, "Plan d'Organisation pour l'Année 1961-62" distributed in Hull, July 1961. Cited in Stein, *op. cit.*, p. 21.

<sup>271</sup> Stein, *op. cit.*, p. 21.

<sup>272</sup> Legault, Plan d'Organisation, July 1961, cited in Stein, *op. cit.*, p. 21-23.

Rimouski and Matane in addition to Jonquière and Rouyn, were temporarily interrupted in the Quebec City and Sherbrooke areas, and were not presented as promised in Montreal, Trois-Rivières and New Carlisle in the Gaspé. An insufficient number of active members<sup>273</sup> resulted in a shortage of funds for broadcasting in these areas. The national Social Credit Party did not come to the Ralliement's aid. What little money it had for federal politics was spent in Alberta and British Columbia.<sup>274</sup>

The "Legault plan" was a great gamble. Mr. Caouette drew from his savings and business to make the campaign a success. Subsequently he had to borrow money with the aid of prominent politicians, some from parties other than his own. Mr. Legault likewise took valuable time away from his growing business to ensure a Ralliement victory. Neither Legault nor Caouette were disappointed. The Créditistes won 26 of the 75 Quebec seats and over 500,000 votes. Mr. Legault summed up the election expenditures of the Ralliement when he said, "The largest amount is always for television. Apart from television, expenses are minimal."<sup>275</sup> In the 1962 campaign he estimated that the Ralliement spent \$70,000 on television, plus \$10,000 for deposits.<sup>276</sup>

Membership recruitment and financing of the Ralliement during the election campaign did not differ in method from the inter-election period. Financing of the Ralliement is an ongoing process, closely tied to the Party's ability to recruit members who pay a membership fee. The largest percentage of all the money collected by the Ralliement goes toward television broadcasting expenses. The dependence on television appeals accounts for most of the strengths and weaknesses of the Ralliement in the 1962 election and those which followed.<sup>277</sup> In areas where the Créditiste organization was already strong, and the television station carrying the 15 minute Créditiste program had a monopoly on the viewer's attention, the Créditistes generally made gains including the ultimate election of their candidates to Parliament. In other areas where a number of stations competed for the viewer's attention, and where Créditiste organization was weak, the investment proved to be unrewarding. Rouyn-Noranda, Jonquière-Kénogami, Rivière-du-Loup and Rimouski were examples of the first. Channels CKRN, CKRS, CKRT and CJBR, all had monopolies in these respective areas. In Matane and New Carlisle in the Gaspé, channels CKBL and CHAJ were also monopolies, but there the Créditistes had little organizational strength. The Montreal region was devoid of Créditiste cadres.<sup>278</sup>

After the 1962 election several attempts were made to diversify the sources of funds.<sup>279</sup> The first was the "Club des Cent" (Club of 100 Contributors). This club was meant to attract money from small businessmen. It was felt that \$100 contributions might not be too burdensome. However, most of the contributors were already active members of the Ralliement. In the end, these clubs became a formal way of canvassing the more affluent members of the Ralliement. There were perhaps 200 members in all. In 1962-63, over \$40,000 was collected for the

<sup>273</sup> *Regards*, March 1962. All of these areas were later included in the 1962-63 Créditiste's drive, which culminated in the April 1963 election. *Ibid.*, p. 23.

<sup>274</sup> Stein, *op.cit.*, p. 24.

<sup>275</sup> Interview, April 1964, quoted in Stein, *op.cit.*, p. 49.

<sup>276</sup> *Ibid.*

<sup>277</sup> The federal elections of 1963 and 1965.

<sup>278</sup> Stein, *op.cit.*, p. 50.

<sup>279</sup> *Ibid.*, p. 34-35.



Ralliement in this way.<sup>280</sup> Other attempts to obtain donations from middle and larger scale businesses in the Province of Quebec were not particularly successful. However three large companies are alleged to have given money to the party.<sup>281</sup>

The 1963 campaign of the Ralliement followed the same general plan as the 1962 campaign. It was organized and directed by Mr. Legault with emphasis on the mass appeal of television and grass-roots participation. Officially all money collected was split on a 50:50 basis between the constituencies and the provincial organization. Financial objectives, running from 0-\$1800 were established for each constituency. An objective of \$70,919 was established for the campaign, but by February 24, 1963, just prior to the election, only \$32,242 had been collected.<sup>282</sup> The end of the campaign found the Ralliement in considerable debt.

Two constituency campaigns, one in the 1963 federal election, in Villeneuve, (Caouette's own constituency) and the other in a 1964 by-election in Montreal-Laurier, an urban constituency, provide pictures of Ralliement financing at the constituency level. In Villeneuve, the 1963 federal election, total expenditures amounted to \$5,442.06.<sup>283</sup> Most of this money went to local and provincial television, radio and newspaper publicity (\$4,348). Other expenditures included: office space rental \$482; organizer's travelling expenses \$214; and miscellaneous expenses such as loud-speakers and television microphones \$286. Most of the money (\$5,042) collected in Caouette's riding came in the form of gifts from businessmen, and collections at meetings. A further \$3,089 was spent on television but was not listed in official election costs; this was more than covered by 290 contributions by members totalling \$4,847.<sup>284</sup>

The Ralliement's ability to collect money from a large number of donors and to run a campaign on a relatively small amount in Villeneuve stemmed from the strength of its constituency organization. In Villeneuve, Mr Caouette's local success lay in the loyal workers his organizers had recruited for him. The Villeneuve Constituency Association had an active membership of 873.<sup>285</sup> An effective organization was built which reached into every sector and poll of the constituency. At the apex of the organization was an organizer-in-chief. Directly under him were four sector chiefs. Manning the polls on election day were approximately 550 voluntary campaign workers. This group of active workers was maintained by sustained recruitment and activity throughout the year, whether an election was expected or not. Interest was generated through weekly study sessions.

In contrast to the large, efficient organization of Villeneuve, a by-election in 1964 in the urban constituency of Montreal-Laurier provided the party with an insurmountable stumbling block.<sup>286</sup> Whereas Villeneuve had provided the party with an environment where they would approach individuals on a door-to-door basis, in Montreal it met stiff and repeated resistance to this approach. Unable to

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<sup>280</sup> *Ibid.*, p. 35, note 1.

<sup>281</sup> *Ibid.*, p. 35.

<sup>282</sup> *Ibid.*, p. 42.

<sup>283</sup> Legault, *Rapports financiers des comtés*, February 24, 1963, cited in Stein, *op.cit.*, pp. 49 and 60.

<sup>284</sup> *Loc. cit.*

<sup>285</sup> Interview with party organizer, Summer 1965, *Ibid.*, pp. 61-62.

<sup>286</sup> Stein, *op.cit.*, pp. 68-70.



approach and interest individuals, the Ralliement found it impossible to build even a small organization. With no organizational base, the Party could not hope to expand the membership to a sufficient size to finance a competitive campaign.

#### D. *Changes Since 1963*

In August 1963, the Ralliement des Créditistes formally split from the national Social Credit Party, and in September of the same year it met in convention to reorganize the Party. Although from this point on the Ralliement was an independent party, the autonomy it had previously enjoyed led to few changes in its organization and finance.

In January, 1964,<sup>287</sup> at a special meeting of the provincial council, a new device for recruiting members and financing the movement was recommended. The new method was called "Service d'Entr'aide Social"<sup>288</sup> (Service of Mutual Social Aid). Service d'Entr'aide Social (SES) was essentially an attempt to centralize control of all revenues and keep an up-to-date record of the membership. The loose organization, based on constituency associations which had brought in so many members prior to the 1962 election was replaced by methods which would enable the party leaders to maintain close supervision over all Ralliement activities. The administrative director of SES is chosen by the executive of the Ralliement, which is the real governing body of the Party.<sup>289</sup> He heads a secretariat whose system of membership classification is designed to inform the leadership at a moment's notice of the number and identity of active members in each constituency of the Province.<sup>290</sup>

Membership in the Ralliement is restricted to those men and women who are at least 16 years of age. A person can become an active member by signing an application form submitted to him by a recruiter commissioned for the task; the form contains a questionnaire asking name, date of birth, complete address, telephone number, spouse, father, mother, son or daughter. Upon signing the application form, the candidate has to pay a \$12 fee. This fee is divided into two equal sums. The first sum supports the administration of the Ralliement at the provincial and constituency levels, and covers cost of propaganda such as television and the journal *Regards*. The second sum is administered by SES and distributed to the constituencies in part for the benefit of individual members.<sup>291</sup>

One method which SES uses to redistribute money to individual members is designed to appeal to their gambling instincts. When an application form reaches the secretariat in Trois-Rivières, a special card is immediately issued to each active SES member; this card contains a register number used for the classification of each constituency, region, and the entire Province. Members are able to know in this way what "rank"<sup>292</sup> they have in their constituency, region and in the Province. The same numbers are used by the secretariat to select winners of draws held on the 15th day of every month. In every group of 400 active members

<sup>287</sup> *Ibid.*, p. 44.

<sup>288</sup> The name was later changed to "Service Economique et Social".

<sup>289</sup> It was made up of the provincial leader, president, 5 vice-presidents, the presidents of Créditiste women and youth, a secretary, treasurer, organizer, publicist, and delegate to the National Association and approximately 5 others. *Ibid.*, p. 45.

<sup>290</sup> *Regards*, December 1964, p. 7.

<sup>291</sup> Stein, *op.cit.*, p. 46.

<sup>292</sup> The basis of rank presumably is seniority in membership.

a maximum of \$100 a month is redistributed in the form of "gifts." "The choice of members declared eligible to receive these gifts. . . is made in accordance with an appropriate system which permits every member, in a group of 100, to be chosen and declared eligible to receive a gift."<sup>293</sup> A second method is to give condolence gifts to families of deceased members.

SES has now been in operation for over two years. The initial period of conversion from the old system of decentralized active membership proceeded more slowly than had been expected. Many former subscribers to *Regards* preferred to let their subscriptions lapse altogether, rather than adhere to the new formula.<sup>294</sup> Members who had previously bought \$1 a month membership cards were likewise reluctant to pay \$12 for a whole year's membership. By 1965, the total paid-up membership in the Ralliement was listed at about 8,000<sup>295</sup> members, which was the lowest it had been since before the 1962 election.

Other than the CCF-NDP the Ralliement is the only Party which may be said to have made a sustained effort to maintain itself largely by membership participation. While successful at the outset, these efforts have been less and less successful with the passage of time.

### *E. Expenditures in the 1965 Election Campaign*

Although the Ralliement des Cr ditistes did not provide the Committee with specific information concerning the 1965 campaign, data gathered from other sources<sup>296</sup> indicate that the Ralliement did encounter some financial difficulty.

In the budget for 1965-66, the Party provided for the possibility of either a federal or provincial election, or both.<sup>297</sup> The Ralliement continued its policy of using television broadcasts as an ongoing organizational weapon, and budgeted \$20,000 for the broadcasts in 1965-66. However, additional sums of \$20,000 for each of the anticipated federal and provincial elections were included; this money was placed in a "frozen reserve fund."<sup>298</sup>

The Ralliement thus ear-marked \$40,000 for television and other publicity expenditures in the 1965 campaign, a considerably smaller sum than in the 1962 and 1963 elections. Information provided by the Board of Broadcast Governors indicates that the Party spent about \$22,000<sup>299</sup> at all levels in the purchase of radio and television time in the 1965 election; in 1963-64 the Ralliement spent \$28,524.<sup>300</sup> No more than \$2,500 was spent in 1965 by the Party on newspaper advertising, according to the Committee's study of newspaper advertising expenditure.<sup>301</sup> Examination of the official reports of campaign expenditures show that Ralliement candidates spent an average of \$1,600 per constituency.

<sup>293</sup> *Regards*, December, 1964. Quoted in Stein, *op. cit.*, p. 46.

<sup>294</sup> *Regards*, February-March 1964, p. 2.

<sup>295</sup> Stein, *op.cit.*, p. 47.

<sup>296</sup> For example, see Stein, *op.cit.*, pp. 57-58.

<sup>297</sup> *Ibid.*, p. 51.

<sup>298</sup> *Ibid.*

<sup>299</sup> See study No. 10 "Political Broadcasting in Canada" in Part II of this Report.

<sup>300</sup> Stein, *op. cit.*, p. 51.

<sup>301</sup> See study No. 9 "Newspaper Advertising Expenditures and Lineage of the 1965 and 1963 Federal Elections" in Part II of this Report.

## VII. CONCLUSION

Party finance in Canada has undergone a steady evolution from Confederation to the present day. From the situation a century ago, when fund raising and campaign expenditures were considered to be among the regular duties of the party leaders, to the present situation in which fund raising and campaign expenditures are the duties of party officials separate and distinct from the party leadership as such, the years have witnessed a steady trend toward the specialization and professionalization of the various functions of political finance. Today the fund raisers and those responsible for allocating campaign expenditures are usually separate, both from each other and from the party leaders. The precise degree of this separation, and the nature of the interdependence of these various functions of party organizations, remains a matter of dispute and conjecture.

The purposes for which money is expended during the election period have also changed with time. Around the Confederation period money was concentrated on organization, i.e., the mechanics of bringing voters to the polls, and on maintaining newspapers as the major means of communication with the voter. As the franchise widened, simple organization became more difficult, and the emphasis began to shift to communications through the print media. Concomitant with this was an increasing concentration of expenditure on the actual election period, rather than the more generalized pattern of expenditure which had prevailed when the electorate was smaller. In the thirties, the print media were partially displaced by radio, which was in turn displaced by television in the late fifties.

Despite the changing patterns of expenditure there is no evidence to support the notion, often expressed, that elections were once inexpensive, but have become increasingly expensive in recent years. Elections in Canada have always been costly to the principals involved. If anything, the growth of specialized fund raising may have lessened the financial burden on the individual candidate; in the Confederation era, individuals could be financially ruined by political participation.

The experience of both the two older parties and the third parties which have arisen in the twentieth century demonstrate that mass fund raising as attempted so far, is an impractical method of party finance, and that widespread popular support can rarely be translated into widespread financial support.

Both the Liberal and Conservative Parties have at various times attempted to widen the base of financial support by mass fund raising. Such attempts have failed completely. The older parties have thus been forced by necessity to rely on a relatively small number of business sources. The CCF Party made a sustained effort to subsist on "grass-roots" financing, but this was very difficult and the Party in its last years went into a prolonged financial decline. Its successor, the New Democratic Party, has been much more successful, but its financial resources rest primarily on the trade unions. The experience of the *Ralliement des Cr ditistes* in the Province of Quebec shows that mass fund raising may be successful for brief periods in exceptional circumstances, but that it is not practicable on a sustained basis.

Successful fund raising has so far rested on a stable group base: such as business corporations or trade unions. Any attempt to reform political finance must take this fact into consideration.



# THE EVOLUTION AND APPLICATION OF QUEBEC ELECTION EXPENSE LEGISLATION 1960-66

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## I. PRELIMINARY\*

### A. *Background*

Other than in the United States and (on the candidate level) in Great Britain, political finance can until very recently be said to have been among those groups of subjects which have traditionally been regarded as the political journalists' delight and the political scientists' despair. In the United States there are extensive requirements for public reporting which provide at least some preliminary data on the subject. Few countries have had anything like that. However, in most systems with competitive politics and a reasonably free press, isolated pieces of information about which parties or politicians have got what, when, where or how, have been fairly easy to come by. This is true of Canada. But what has been difficult has been not only verification, but the construction of a meaningful and reasonably comprehensive model of the political finance processes of at least the major parties.

One thing alone is certain: a system of free elections is extremely expensive. Different people make different estimates, but certainly the figures run into millions, and tens of millions if we include provincial and municipal as well as federal elections. The money is somehow gathered (no one knows quite how) and spent (no one quite knows exactly how much for what specific items) in order to elect our public office holders at all levels of government.

### B. *The High Cost of Political Campaigning in Canada*

Our legislation, federal and provincial, contains few provisions on political finance. We have developed the practice of raising the money required from

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\* The main body of this study was completed as at May 11, 1966. However, the author has added a supplementary note (Section VII) which discusses the application of the Quebec subsidy system to the recent provincial general election held June 5, 1966.



private sources. According to Scott, the campaign of a candidate for the federal Parliament may cost up to \$50,000;<sup>1</sup> even more, according to others. The highest amount reported by a candidate's agent for the 1963 election was a mere \$26,725 but, as is well known to those who know particular areas well, some of the sworn statements are ludicrous. The Atlantic Provinces and Quebec are the high-spending provinces where lavish practices send election expenses soaring. Yet the reported expenditures are often only a fraction of the actual costs. McKeown reports that:

A prairie M.P. who can conduct a campaign for a modest \$7,000 said he was astounded when he first went to Ottawa and learned what others were spending. "I found that some of the fellows from Quebec and the Maritimes spent \$30,000 and \$40,000, with most of it coming from national funds," he said.<sup>2</sup>

What about the general party campaign? There is no way at the moment of knowing how much the parties spend on their election campaigns, or exactly how the expenditures are divided among various categories. There are only occasional breaks in the veil of secrecy, when some party ex-organizer speaks out, or when a journalist makes it his business to compile some figures from estimates of what this or that must cost. Fortunately for our purposes these things have occurred.

An intensive piece of research was done several years ago on what a general election costs the Canadian national party organizations. Harrill's thesis<sup>3</sup> shows that the party organizations seem to regard their finances either as a purely private matter, or else as something too dangerous to reveal to their opponents. There is secrecy at both ends of the election fund: the sources and amounts of contributions and the amounts and categories of expenditures, at least as far as the two major parties are concerned. Neither of them publishes accounts. The New Democratic Party does publish accounts, but there is not much point in discussing figures of a few hundreds of thousands of dollars when what we really have to consider are the millions involved in the two major party campaigns.

A basic question for our study is that of how much money these parties actually spend. Hon. C. G. Power believed that about \$3 million was spent in the Province of Quebec alone in 1953, in the ratio of 2:1 for the Liberals. In 1949 he wrote that it was a safe guess that the major parties each spent approximately \$3 million over each four-year period.<sup>4</sup> Just before the 1953 election Blair Fraser commented that every campaign for the past twenty years had been the most expensive in history. Referring only to the funds of the central organizations, he estimated that in 1953 the major parties would need about \$8 million between them.<sup>5</sup> Harrill feels that this estimate was not unduly high. Senator Lambert expressed the opinion that the amounts were approximately correct.

All estimates of the cost of the 1962 general election campaign revealed a sharp rise from the figures cited. The main reason was that, for the first time, a national commercial television network was available. The president of the National Liberal Federation, Senator J. J. Connolly, told *Maclean's* that the rise

<sup>1</sup> Scott, James. "Political Slush Funds Corrupt all Parties," *Maclean's*, Sept. 9, 1961, p. 13.

<sup>2</sup> McKeown, Robert. "The High—And Unknown—Cost of Elections," *Montreal Star Weekend Magazine*, Oct. 16, 1965; *Ottawa Citizen Weekend Magazine*, Oct. 16, 1965, pp. 1-5.

<sup>3</sup> Harrill, E. E. *The Structure of Organization and Power in Canadian Political Parties: A Study in Party Financing*, University of North Carolina, unpublished Ph.D. dissertation, 1958 (typescript).

<sup>4</sup> Power, C. G. "Wanted: A Ceiling on Election Spending," *Maclean's*, Feb. 1, 1949, p. 8.

<sup>5</sup> Fraser, B. "Our Illegal Federal Elections," *Maclean's*, Apr. 15, 1953, p. 62.

in costs "is not a matter of addition . . . but of multiplication."<sup>6</sup> That article states that "the consensus in Ottawa" is that the campaign will cost at least \$11 million, "about \$3 millions more than the estimate made for the 1958 election." Finally, writing in 1961, Scott calculated that the Liberal Party would need at least \$5 million to fight the next federal general election effectively. He added that parties in power traditionally spend even more than the opposition. Scott was more specific than the others since he broke down the amount into national spending and subsidy of local candidates, dividing the total equally, i.e., he confirmed that the central party subsidies to candidates constituted the largest single expense. He calculated an "absolute minimum" of \$10,000 for an average Canadian riding.

Scott's estimate of the total amount which would be spent by the national parties in the 1962 election, inferred from his article, much exceeded that given above. He wrote that it was alleged that the Conservatives spent \$11 million in 1958 "and will probably spend more this time."<sup>7</sup> Let us assume that he estimated their probable spending at \$12 million. This added to the \$5 million he estimated the Liberal Party would need gives us a total figure, for the two major parties, of \$17 million. Add about one million for the New Democratic Party and a half a million for Social Credit and the Cr ditistes and we have a grand total of what the parties may have spent on the 1962 election of approximately \$18,500,000.

Estimates vary widely, and McKeown projected Scott's figures to suggest that the total cost of the election to all the parties was in the neighbourhood of \$11 million to \$15 million. But, as he said, short of the parties and the candidates opening their books to a small army of chartered accountants, there is no way of knowing for sure. Scott assumed that the national parties contributed about \$5 million toward their candidates' expenses. If we deduct that figure we are left with a sum of about thirteen and a half million dollars which may have been spent by the national parties on the national campaigns, which is not far from Newman's figure of at least eleven million dollars.

As far as the 1963 campaign was concerned, spending was most likely a little less because of the inability to refill the coffers again at such short notice. What of the 1965 campaign? A realistic conjecture about the overall expenses of the campaign to the parties, covering what was spent both by national and provincial party headquarters and all the candidates individually, might be about \$20 million all told. To this must be added, to be realistic about the exact costs of an election, the amount spent by the government on the election machinery. The reported cost to the public treasury was about \$13 million.<sup>8</sup> So the last campaign, all told, will have cost about \$32 million to Canada. That is a huge amount of money, especially in view of the frequency of our general elections in recent years.

### C. *The High Cost of Politics in the Province of Quebec*

For federal elections, Quebec is considered a "high cost" area. The evidence available indicates also that provincial general election campaigns in the province

<sup>6</sup> Newman, P. C. "Who'll Pay the Record Shot for Our Next Election?" *Maclean's*, May 6, 1961, p. 62.

<sup>7</sup> Scott, *op. cit.* p. 67.

<sup>8</sup> \$12,909,189 in a Commons return by the Secretary of State, *Montreal Star*, April 26, 1966.

are more expensive than those in any other province. This is not a new phenomenon. It has been true from the very beginning of democratic institutions in Quebec, as one can easily see from a study of the subject made recently.<sup>9</sup>

Estimates of the amounts expended by provincial parties in provincial elections are extremely meagre. Even Thorburn in his thorough book on New Brunswick made no attempt to estimate overall costs. The nearest he came to it was when he wrote:<sup>10</sup> "To fight an election effectively it is estimated that the provincial party fund should amount to about one dollar per voter over the whole province. This applies to both provincial and federal campaigns." Such a standard applied to the whole of Canada would require each party to go into a campaign with well over \$10 million to spend.

Hon. Pierre Laporte was a political reporter for Montreal's *Le Devoir* when in 1956 he made what is probably the most searching analysis of a provincial election campaign's finances that has ever been made in Canada. The following estimate of the spending of the Union Nationale is based on his careful investigation.<sup>11</sup>

TABLE 1

Quebec Provincial General Election of 1956

ANALYSIS OF UNION NATIONALE PARTY CAMPAIGN EXPENDITURE

	\$
Newspaper publicity.....	860,000 <sup>a</sup>
Radio (minimum).....	155,000
Television (minimum).....	35,000
Total (province-wide direct publicity).....	1,050,000 <sup>b</sup>
<i>Plus:</i>	
Special supplement in the <i>New York Times</i> , paid for and circulated widely in the province	
(at least).....	28,000 <sup>c</sup>
Other publicity.....	148,500
Grand Total.....	\$1,226,500

<sup>a</sup>Laporte considered this figure as an absolute minimum: he wrote "La somme d'un million de dollars serait probablement plus près de la vérité."

<sup>b</sup>*Le Devoir*, Oct. 5, p. 1.

<sup>c</sup>*Ibid.*, Oct. 8, p. 1.

The figures are for purely province-wide publicity. The amount expended on local publicity, through the party's ninety-three candidates, is estimated to have been about \$372,000. In addition, there must be added the costs of handling all this publicity and preparing it, which an advertising agency estimated would be about 20% of the direct costs cited above. Thus we must add about a quarter of a million dollars to our grand total for this charge. This brings the Union Nationale

<sup>9</sup> Hamelin, J. and M. *Les mœurs électorales dans le Québec, de 1791 à nos jours*, Montreal, Les Éditions du jour, 1962.

<sup>10</sup> Thorburn, H. G. *Politics in New Brunswick*, Toronto, University of Toronto Press, 1961, p. 113.

<sup>11</sup> Laporte, P. "Les élections ne se font pas avec des prières", series in *Le Devoir*, Oct. 1 to Dec. 7, 1956.



expenditure up to about \$1,471,800 for publicity alone, excluding local publicity, much of which must have been paid for or subsidized by the central fund. One of the great difficulties here is to distinguish between the Union Nationale's campaign chest and what must strictly be considered the public treasury of the province, as, for example, in the payment of hospital bills where hundreds of thousands of dollars were certainly involved.

Laporte's overall estimate of the government party's total expenditure in the 1956 campaign was enormous. The sum of \$5 million was taken as a base, and it appeared clear that the expended sum was around \$10 million or \$15 million.<sup>12</sup> However, the bulk of the amount over \$5 million was probably what was estimated for the various uses of public funds (normal at other times) for special electoral purposes, such as the payment of hospital bills, gravel deliveries, road and bridge building, grants for schools and hospitals etc. The point is that none of these kinds of expenditures could be curbed by an overall limit on the parties' campaign expenses. Any provincial government using such tactics need merely contend that these are not "campaign" expenditures at all but simply public works for which the time happened to be right. All provincial governments (federal too) use tactics like these in elections.

So perhaps \$2 million were spent directly from the Union Nationale campaign fund of 1956 for its strictly province-wide activities. This is a conservative estimate, but is it a fantastic sum for a provincial party in Quebec to spend on its general campaign? Only analysis and comparison with other provinces can throw light upon possible answers. Unfortunately little work has been done on this subject in Canada and so comparison is difficult. However, there are one or two examples, and in the light of these the Union Nationale "above-board" spending on its general campaign in 1956 appears less shocking. In any case it can never happen again while the new Quebec *Election Act* is enforced, for the Act now limits the spending for a party campaign to a maximum of 25 cents per elector on the lists.<sup>13</sup>

Had this provision been in force for the last provincial election it would have imposed an absolute maximum of \$693,196 for a party which had candidates in all constituencies. But what we are discussing are the circumstances which brought the legislation into being. Whether the Union Nationale's spending in the 1956 campaign was reasonable or not, in terms of what goes on elsewhere was not the real issue; after Laporte's series of articles, the lid blew off. What lay at the basis of the agitation for reform in this area, it seems to this writer, was not the fact that one party spent so much but the fact that the expenditures of the other parties were so small that there could be no effective answer made to the government party's propaganda. The Liberal Party's campaign was overwhelmed. It was this disproportion in the intensity of the rival campaigns which gave the impression, as Laporte wrote, of a complete falsification of "le jeu normal de la démocratie".

Taking a minimal figure for the Union Nationale and a maximal figure for the Liberal Party, we still have a disproportion in expenditure in the 1956 campaign of the order of eight to one. It was this more than anything else, when

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<sup>12</sup> *Le Devoir*, Dec. 7, 1956.

<sup>13</sup> *Election Act*, R.S.Q. 1964, c. 7, s. 379 (1). For full discussion see below Section IV.



expressed in terms of the techniques of the modern propaganda campaign, which aroused concern for the normal processes of democracy in the province and public support for the new legislation.

#### D. *The Traditional Pattern of Political Party and Campaign Finance in Quebec*

To ascertain what the traditional pattern has been in Quebec one needs only to delve into a small book on the subject, the Hamelins' *Les mœurs électorales dans le Québec*.<sup>14</sup> This work shows how, from the very earliest times, the cost of distributing liquor to the electors was always a large item of expenditure for candidates, and if the battle became tough the candidates were resigned to distributing money. However, more or less successful attempts were made, in the latter part of the nineteenth century, to do something about the situation. From 1860 certain provisions of the United Kingdom *Corrupt Practices Prevention Act* of 1854<sup>15</sup> were introduced. But the penalties were small fines and the amendments gave little in the way of results.

The Quebec legislators went still further in 1875,<sup>16</sup> in an attempt to correct this weakness. They required that every candidate was to make his payments only through an agent who had to make a detailed report of election expenses which might be published in the *Official Gazette*. The public could examine the accounts and verifying documents of every candidate. In case of an incorrect report, there was imposed a fine of \$500. But an amendment of 1892<sup>17</sup> freed candidates from the obligation of supplying a detailed account of their electoral expenses. Thus a return to unbridled corruption began, especially as the courts, in cases of election contestations, showed themselves indulgent.

The reformist wing of the Conservative Party took the *Election Act* in hand once more during the session of 1895.<sup>18</sup> Once again, the legislators required each candidate to supply a detailed account of his expenses. Further, only an agent appointed by the candidate could make payments or loans during a campaign. And, for the first time, not only had the agent to maintain a *daily* statement of election expenses but the Act fixed a *maximum* of expenditures. Thus in 1895 the province could pride itself on the possession of one of the most advanced election Acts in the world. But it did not last long and the same people who would amend it several years later lived bitterly to regret their actions.

The Act of 1875 marked the opening of the period which can be called "professional" in electioneering. From that time people's support had to be bought, and it was therefore necessary to organize the electoral fund in a rational manner. To draw from the public treasury seemed the easiest solution to hungry politicians, in so far as an honest way could be found to make the transfer of public moneys to the party. This was accomplished by a system, now hallowed by tradition, of what is popularly called "kickbacks" or, in French, "ristournes". Percentage on contracts, and commissions on the privileges and favours given by the governments, resolved the technical difficulty. Politics became synonymous

<sup>14</sup> Hamelin, *op. cit.*

<sup>15</sup> 17 & 18 Vict. 1854, c. 102.

<sup>16</sup> *The Quebec Election Act*, 38 Vict. 1875, c. 7.

<sup>17</sup> *An Act to further the Quebec Election Act respecting the payment of election expenses*, 55-56 Vict. 1892, c. V.

<sup>18</sup> *The Quebec Election Act*, 59 Vict. 1895, c. IX.

with scandal and it should be added here that the phenomenon concerned not only Quebec, which happens to be the subject of this particular study because of its unique electoral Act now in force.

The novelty consisted not in the use of public funds for electoral purposes, but in the systematization of this breach of trust. Before 1875, brutality was the major method; after it, both parties justifiably accused each other of dabbling in public funds for partisan ends. Scandal led to scandal. When power changed, the new government party denounced the gluttony of its predecessor. These methods of financing campaigns naturally did not apply to the opposition party except in so far as it could promise future contracts and favours. Apart from this it had to rely on relatively large donations from a small number of businessmen and industrialists.

Once the problem of raising funds was settled, it was necessary to organize the distribution. The advances of funds by the party treasurer, assisted by the party managers, considerably reduced the members' independence. It was a means of control by the party over the candidate; a means of keeping strong personalities on a leash or of eliminating undesirables.

During the twentieth century, while the law added to the number of voters, it neglected the means of control of election expenditures. A few strokes of the pen were sufficient to cause a retrogression of 30 years. The widening of the suffrage contributed to a reorientation of electoral practices. In place of dealing solely with the individual, the parties became more interested in groups, and electoral practices became complex. In the manipulation of groups, capitalists were given forest limits, watercourses, permits for the exploitation of natural resources, and contracts. Natural resources were bartered for election funds. To the clergy, grants and privileges were exchanged for their silence, their photographs, their prestige, their influence and their smiles. Newspapers in Quebec have traditionally needed subsidies in order to survive. The party in power offered its millions, asking in return only silence. It was apparent that the victory in 1936 of the Union Nationale owed a great deal to radio propaganda which pierced the wall of silence erected by a salaried press. Then the Union Nationale, in its turn, carried the system to its apogee, having learned much in the Taschereau school.

Now let us examine the period immediately preceding 1960. The Union Nationale Party had ruled uninterruptedly from 1944 and had perfected a remarkable election machine. What was the fuel that powered that machine; where did it come from; and to what purposes was it put? This inquiry is necessary since any regulation of party funds involving publicity or limitations must needs take methods of financing into account.

The provincial parties which have played a major role in Quebec are in the category of "middle-class" parties. Within this category they have passed historically from decentralization to a considerable degree of centralization. The period of centralization at the provincial level followed the turn of the century, and the financial structure of the major parties seems to have been essentially the same as for those at the federal level, i.e., business-financed by large contributions to the centre, which were then distributed to the local campaign. The bulk of the general fund came from the most important companies operating in the province and men closely associated with them. There were varying numbers of local chieftains in firm control of their constituencies, and thus much less amenable to control by the provincial leadership than they would have been if they had been

more dependent on it for funds to run their local campaigns. This seems to be a fair description at least of the opposition party in the province since about the First World War.

However, when we consider the major financing methods of parties in power during this period we must face the fact that what we have to deal with is a party that consisted of an electoral clique which financed itself and its friends, and maintained itself in power, by direct use of the administrative machinery. This was done by a form of semi-official "taxation", far removed from even the semblance of voluntary contributions, which directed large amounts of money either into the party campaign chest or directly into the branches of the party machine.

This had, by now, two well-substantiated forms in the Province of Quebec. First, the "sale" of the permits which it is within the discretionary power of the provincial administration either to grant or withhold; above all liquor permits. In order to obtain a permit it has been necessary to "make a contribution" to the funds of the party in power. Before election campaigns it has been necessary for permit holders to "make a further contribution" in order to avoid the cancellation of their licences. The second form, the extent and institutionalization of which have been amply demonstrated by the testimony before the Salvais Provincial Royal Commission inquiry into the purchasing methods of the Union Nationale government between 1955 and 1960, is the so-called "kickbacks" system (*ris-tournes*). In this, the price of apparently everything purchased by the government was inflated above normal. The suppliers understood very well that the margin between the normal sale price and the price paid to them was to be put at the disposal of the government party.

These forms of financing enabled a government in Quebec to become self-financing as an electoral machine. The government controls the party and, in effect, "employs" its "members" with the resources at its command; and therefore must control them completely. Its financial situation gives it the ability to dispense easily with any dissident elements, as Duplessis easily and quickly dispensed with all the leaders of the Action Libérale Nationale who presented any challenge to his control.

These traditional methods of financing parties in power in Quebec were inherently destructive of the spirit of democracy. In parties financed by mass membership the leaders are much more amenable to control. Even the "middle-class" parties involve, by their financial structure, much more control of the leadership than does the type of party described, which we can call an "Administrative" party. By this term is meant parties in power in "pre-modern" administrative systems.

Telling general evidence on this point is the attrition rate of leaders of opposition parties: obviously pressure can be applied and can be effective. But when, since 1904, has a provincial premier in Quebec been driven from office? Only Taschereau comes to mind in 1935-36 and that took an "earthquake" and a split actually in his tight inner circle. The point is that no controls at all are exerted on the leadership circle in an "Administrative" party, whether from within or without the party, and this derives from its financial structure. In such a party the leader and a small oligarchical group can have absolute control. These men, if they stick together, can be almost completely self-financing and self-perpetuating. Outside the "party" the money is produced involuntarily, by a system



which is comparable to the public financing of the state itself and enforced by similar sanctions. Inside the organization the financing is from the top down, completely controlled by the oligarchy.

What measures can be taken to ameliorate this situation? The first prerequisite seems obviously to be the modernization of the administrative system by the kind of measures which have already been undertaken by the Lesage government in the province and which, it is profoundly to be hoped, will be pressed vigorously to their conclusion. However, much can be expected from a system of publicity for party finances under a separate administration at least semi-independent of the regular administration of the province. Secrecy is the essence of the self-financing system of the "Administrative" party. Once let some figures of party accounts be published and a real basis is provided for public discussion. Even if no prosecutions follow, discrepancies between a party's obvious spending and its declared funds can be noted and the opposition given the opportunity of creating public opinion. It is doubtful that the Union Nationale's self-financing structure could have attained the degree of organization that it did<sup>19</sup> except under conditions of a "conspiracy of silence."

### E. *The Quebec Liberal Party and Federation Program on the Subject*

The Quebec Liberal Party, in its platform for the provincial general election of June 22, 1960, stated flatly in Article 48: "election expenditures will be limited". In its first convention after the successful election in 1960 the Quebec Liberal Federation resolved that since electoral reform could not be effective without a limit on election expenditures they should be limited according to reasonable standards.

## II. PREPARING THE PARTY AND THE PUBLIC

### A. *"La réforme électorale"*

Report of the Political Committee of the Quebec Liberal Federation and Questionnaire Distributed to the Regional Conventions of the Quebec Liberal Federation, Summer 1961.

In elaboration of the party's program and in preparation for the following convention in November 1961, which had "Electoral Reform" as its theme, the Political Committee (Commission Politique) of the Federation prepared a study paper for circulation to the regional conventions which took place during the summer of 1961. This document summarized the thinking of the leadership on the question of political finance and its dangers.

The questionnaire accompanying this document was divided into three parts, the third of which was concerned with the financing of candidates and political parties and the control of election expenditures. The questions show the lines along which the party was being guided. There was a question which dealt with the reinstatement of the position of "Election Agent". Of the remainder, the most important questions were whether the province should reimburse candidates

<sup>19</sup> For full description see Quinn, H. F., *The Union Nationale*, Toronto, University of Toronto Press, 1963, Chap. VII.



and/or parties for election expenses, and if so what should be done about minor parties and independents? What criteria should govern such payments: a minimum of votes? or a minimum of members elected? If the principle of reimbursement were accepted, what specific expenses should be covered, or should an overall sum be given? Should there be *limitations* on the electoral expenses of candidates and parties? How might these be enforced? Should *contributions* to political parties be limited or controlled, and if so how? Should the province contribute to the expenses of parties outside campaign periods? Altogether the questions are detailed and advanced in tone. Some have been implemented in the new provincial *Election Act*; many have not; but this writer feels that they have not been lost sight of by the Federation and may well come up again in the future, especially after there has been at least one test of the Act in a general election.

That the tide of public opinion was running in the direction of reform is shown by the fact that in the early sixties even some members of the Union Nationale Party were beginning to think along these lines. The party's first leadership convention was to be held in Quebec city from September 21 to 23, 1961. One of the two top contenders, Mr. Jean-Jacques Bertrand, announced his candidature in August with a speech at Cowansville, proposing, among other things, that party political funds should be controlled by a trust company and he pledged his support for legislation limiting election expenses.

### B. *Report on Electoral Reform of the Province of Quebec*<sup>20</sup>

During the summer of 1961 this writer was commissioned by Mr. Maurice Sauvé to make a survey of legislation and practices on political financing in Canada and other appropriate countries in order to be able to recommend those which seemed suitable for adoption in Quebec. Considered were the limitation of campaign expenses, publicity of campaign funds, and government assistance for campaign funds.

The study was submitted in September, published by the Federation in October and distributed to the delegates to the Convention which was held from November 10-12 in Quebec city. It was the source of a number of resolutions which were adopted by the Convention, some of which were incorporated in Bill 15 introduced in the following year.

Experience in the United Kingdom shows that it is easier to prosecute for technical offences than for substantive offences. Under the system of official electoral agents it becomes an offence for anyone to spend money locally in support of the candidate except through the agent, and for the agent to spend any money for which he does not account, or spend money above the permitted amount. Thus, it is necessary only to prove that money has been spent, not that it has been spent corruptly. Therefore, the establishment of the post of official election agent, with all its necessary implications, was seen as the prime prerequisite for any effective system of limitation and control of candidate expenditure in provincial elections.

It is possible to pay voters for assistance other than assistance by their votes. It is difficult to strike at this directly, as is demonstrated by the *Canada Elections Act* and several provincial Acts. Even the old *Quebec Election Act* had such a

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<sup>20</sup> Angell, H. M. *Report on Electoral Reform of the Province of Quebec*, Montreal, Quebec Liberal Federation, Oct. 1961.

useless provision. It is obvious that if anyone ever took such provisions seriously, the only prospect would be one of endless litigation. Thus, limitation through a specified allowance for election expenditure would be much simpler and more effective. For the limitation of campaign expenses of parties, the argument advanced against the idea of the overall limit, and for the more direct attack by way of publicity, seemed to hold good when applied to the provincial situation.

Whatever controls might be put upon sources of contributions, tradition, custom and the very climate of Canada politics would seem to make it inevitable that the party in power would find it easier to obtain money than any opposition. Thus the main problem would seem to be that of ensuring that opposition parties would have available to them funds and facilities more equal to those of the party in power. This presents a strong argument for some form of state assistance for party campaign funds. If means could be found to level up the resources of the opposition with those of the government party, much of the bitterness might be removed from the discussion of election laws, and the practical consequences of major shortcomings of those laws would be greatly reduced.

Two alternatives to such controls were discussed: one to limit the amount which any individual or firm might subscribe to a party organization, the other to require the publication of party accounts. The first method has been tried in the United States but the practical effects have been negligible. But the idea of publicity seemed more promising. Its advantage is that, once established, it is to some extent self-enforcing because if accounts of some sort, in some official form, are published by all parties, the matter is thrown open to debate.

In addition, as we saw, the problem for Quebec was rather one of levelling up party expenditure than of directly controlling and limiting it. Thus direct control by way of a general limit to be imposed on the amount any party could expend from its central fund on an election campaign was not recommended. However, it was recommended that the possibility should be investigated of imposing limitations on specific types of campaign expenditures, which might be a more practicable and manageable proposition.

Specific suggestions for reforms in the area of the reporting of candidate financing are not common in Canada, in spite of the obvious and notorious inadequacies of the federal Act. This writer felt the auditing of statements to be a commonsense, practicable proposal which is well supported by writers on the subject in other countries; it is based on normal business methods and the British practice. The common complaint that the campaign funds declared under section 63 of the *Canada Elections Act* are usually declared as a formality, with nominal amounts entered under the appropriate heading, could be simply met by an independent audit of accounts which would serve to prevent such blatant non-observance. This type of audit was therefore recommended.

It would be perfectly feasible to base an effective system on an adapted version of the provisions for reporting in the *Canada Elections Act*. However, the flaws should not be incorporated, especially that which permits candidates to be excused for their failure to report. The additions needed were in the area of the receipt and auditing of reports, the enforcement of the provisions dealing with agents, the imposition of penalties on candidates, and the summarization and publication of the reports.

The main recommendations to achieve these aims were those which envisaged either the establishment of an independent Commission, or the widening

of the responsibilities of the chief returning-officer and his staff to receive, audit, summarize, publish and preserve the reports and the information they would contain. Exposure of political funds to public view need not involve the imposition of complicated restrictions which invite evasion. What was needed was an effective pattern of public reporting which would promote public confidence in the party and electoral machinery, and contribute toward a more informed and enlightened electorate, without impeding free participation.

There are many different forms of party financing, both actual and potential. Several methods, well-known elsewhere, have not been tried in Canada to any considerable scale. This indicated the need above all to allow flexibility in the administration of a publicity system. The achievement of this objective was most capable of fulfilment if it were made the responsibility of an administrative body to maintain flexibility in the regulations, and recommend changes in them to keep them up to developments in the area.

The effectiveness of a publicity system depends largely upon the conscientious fulfilment of the duties assigned to the repository. It is an important question whether the publicity requirements imposed on political parties should cover only campaign finances or whether annual reports should be required. It seemed reasonable (if the province were to be asked to undertake any considerable subsidy of the operations of parties) to require annual reports rather than merely reporting of campaign finances.

It was recommended that an interim report should be required of the designated treasurer of every declared association of candidates (definition of party) as of the tenth day preceding polling day. These reports would be filed not later than the third day following the effective reporting date, thus allowing at least one week for publicity before the election was to be held. The final reports of the parties' receipts and expenditures in connection with the campaign would then be required to be filed within three months following polling day.

Having shown that the major "above-board" expenditure in the general campaign is that which comes under the heading of "publicity", it seemed that in the future it would also likely take up a growing portion of campaign budgets. This author, therefore, recommended that the forms should stress the detailed reporting by parties of expenditures of this type. In the case of restrictions being enacted, these reports would provide a check as to compliance. Details should be required of space bought in newspapers, and time bought on radio and television stations.

The emphasis throughout the Report was upon the cleansing power of disclosure and attendant publicity, and upon the encouragement of openness and wide circulation of information. As distasteful as disclosure might be to those involved (and every attempt should be made to protect the privacy of the individual) yet organizations and groups must be prepared to defend their motives publicly. There is no alternative to this in a democracy.

After a survey of possible methods it could be clearly seen that there were various ways in which government can help to finance political activities. The choice of method deeply involves political questions rather than merely technical ones. The point stressed was that one could not hope to offer any "best" solution to the problem, but only to propose the various alternatives among which choices might be made by the "political men."



It was considered that a tax-benefit scheme, with some or all of the specific and direct subsidies to candidates reviewed could do much to accomplish the stated aims of the Quebec Liberal Party. On this basis, although detailed recommendations did not seem to be in order, the following general ones were considered appropriate:

1. That there should be no subsidies to parties as such except perhaps
  - (a) in the form of tax-supported contributions from private individuals;
  - (b) in the form of arrangements for the provision of free broadcasting time on commercial radio and T.V. stations.
2. That there should be direct subsidies of certain specific expenses for candidates.

All parts of the Report were closely interconnected. To note only a few of the major points: if the state were to take over any considerable part of the costs of elections, then it might well be necessary to reduce the maximum permissible expenditure of candidates; if it is possible to arrange for free broadcasting time on commercial radio and television, then this would affect the suggested maxima on time which might be bought by the parties, or it might be possible to eliminate the possibility of their buying time altogether. The information which would be brought to light and analyzed by the Registry would almost certainly necessitate the review of the treatment of the other subjects even after only one election.

There seemed to be another aspect of interconnectedness too. It was that if the state were to provide assistance in any or all of the various forms suggested in a way that appeared to them to be impartial, then it would be likely that politicians would take more kindly to the regulation of maxima on spending and the requirements on reporting. If aid were to be provided, then there would be more justification for what might appear to many to be interference and inquisitiveness.

The press was made aware that the Report was in progress. At the end of August, 1961, both the *Montreal Star* and *Le Devoir* commented upon it in editorials, (those in *Le Devoir* signed by Pierre Laporte), and announced that it would be circulated to the delegates to the Quebec Liberal Federation convention to be held in November. When the Report was released at the beginning of November comment was widespread and reaction was generally favourable. *La Presse* gave it the most elaborate treatment with four long articles by Guy Lamarche appearing successive days from November 7-10. The *Montreal Star* reported on it and commented editorially on November 11.

### C. *Quebec Liberal Federation Convention, November 10-12, 1961*

The Liberal Party had responded vigorously to the call for interest in the work of the convention. No less than 243 resolutions on the subject of electoral reform were submitted before the meeting opened, not all of them on political finance; more were expected from the floor.

#### 1. *Discussion*

Whatever the mood of the convention might otherwise have been, the big guns were turned full blast on electoral reform right from the start. It was mentioned and pushed by all the opening speakers: by Mr. François Nobert, the outgoing President; by Premier Lesage, the Leader; and by Dr. Roger Brault, the Secretary (who was later elected the new President by the convention).



Premier Lesage told the delegates that much remained to be done. They had chosen "Electoral Reform" as the theme of the convention. "It happens that that is one of the major measures that we must realize in the course of the session which begins in January", and there was no doubt that the works that their deliberations would produce would be of great use to the government in the preparation of its legislation.

In his report on the activities of the Commission Politique Mr. Alphonse Barbeau, the co-chairman (président-adjoint), said that they had paid particular attention to the question of electoral reform. The committee on the annual theme had been composed of Messrs. Guy Favreau and Jérôme Choquette and Mrs. Yvette Dussault-Mailloux. The Commission, inspired by the resolutions received from the various constituencies and regional conventions on the basis of the previously distributed questionnaire, had prepared an edition of the resolutions. This had served as a basis for the discussion during the convention in the three committees established to discuss electoral reforms. The Commission had come to the conclusion that while it was opportune to approve the granting of subsidies to political parties, it felt that it was not then opportune to take a stand on two other questions referred to it by the 6th Convention: the obligation of political parties to make public reports on the origin, the amount and the usage of their funds; and the deduction for tax purposes of contributions made to political parties.

Despite this, discussion of electoral reform at the convention in its committees and in plenary sessions was very brisk and sometimes heated. However, it is true that, as the newspapers reported, most of the delegates seemed more interested in discussing the question of patronage. Those opposed to electoral reform took more or less the line that the party was adopting such a high-minded approach that it might suffer at the polls for its own zeal. The delegates were genuinely concerned about the possibility that, as the *Montreal Star* put it, the reforms "might become a collective headstone to a number of Liberals whose holds on Legislature seats are tenuous ones".<sup>21</sup>

Some delegates claimed that the usual sources of party funds were already drying up because of the proposed scrutiny of contributions. They speculated on the reputedly huge war chest available to the Union Nationale, an election fund which was perhaps far greater than the disposable fund of the Liberals. This was very evident in many minds. However, since the leadership desired it, and since the committees recommended it, and most of the delegates were content to go along although expressing some reservations, a number of sweeping resolutions were adopted by the convention in plenary session.

## *2. Resolutions Adopted on Electoral Reform*

In resolutions of interest to us the Convention recommended: the compulsory nomination of an election agent responsible for each candidate; that the state assume a number of specified expenses for candidates with a contribution proportionate to the number of voters on the lists to be paid to each candidate gaining a minimum of 20% of the vote, plus an additional grant for candidates in constituencies of large area; that the state contribute for certain specified expenses of parties up to the amount of 10 cents per elector, these to be made only to a party which has a leader, a program, candidates in 50% of the constituencies, and obtains a minimum of 10% of the total vote; that expenditures of candidates

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<sup>21</sup> *Montreal Star*, editorial, Nov. 14, 1961, p. 10.

should be limited to 50 cents per elector and that of parties to 20 cents per elector; that costs of publicity should be limited to rates not to exceed so-called national rates; that each candidate and party should be compelled to publish a report of all electoral expenditures; that party expenses should be subsidized between elections at the rate of 5 cents per elector annually; that the government study the possibility of controlling the origin of candidates' and parties' campaign funds including the possibility of forbidding parties accepting contributions from persons or organisms not qualified as provincial electors; and finally that the *Election Act* be administered by a quasi-judicial Commission of 3 permanent members presided over by a judge.

### 3. Public Reactions

Premier Lesage said at the end of the convention that the resolutions approved by the Federation would put Quebec in the forefront of democratic nations.<sup>22</sup> The proposals, he said would be submitted to the Legislature at the following session.

Press reaction to the work of the convention and to Premier Lesage's closing speech was generally favourable, except for the Union Nationale's *Montreal-Matin*, which was naturally rather sceptical of the whole business. The *Montreal Star* was obviously impressed and wondered if perhaps the Liberals were not going a bit far for their own good.<sup>23</sup> In other papers the first reaction was to establish comparisons, or rather, differences between the conventions of the two major provincial parties, held less than two months apart. Most of them remarked on the seriousness of the Liberals as compared with the fanfare of the Union Nationale's leadership convention.

Few papers discussed the content of the resolutions adopted, preferring simply either to give or to summarize the text. Most papers seemed to begin to be convinced that, in dealing with a subject as sensitive as electoral reform, the Liberal Party really meant what it said about basic changes in the political life of the province. Scepticism, which was commonplace before the convention, began to give way to a grudging belief in the validity of what they had witnessed; it was said that the reform wing was in control, and trickery like the celebrated Bill 34 would not be repeated now that the Liberals were in the saddle.

## III. THE LEGISLATIVE DEBATE AND PUBLIC REACTIONS

### A. Third Session of the 26th Legislature, January 9— July 6, 1962; the Text of Bill 15

When the session opened the Throne Speech announced:

You will be called upon to legislate on two matters of prime importance: the revision of the Election Act and the modification of the territorial division. This will involve legislation as difficult as it is indispensable, designed as it must be to ensure the proper functioning of democracy. To this end the government will propose the setting up of two special committees.<sup>24</sup>

<sup>22</sup> Rapport du 7<sup>e</sup> Congrès annuel, la Fédération libérale du Québec, pp. 60-64. Full English translation made in Angell "Research Study", *op. cit.*, pp. 84-87.

<sup>23</sup> *Montreal Star*, editorial, Nov. 14, 1961.

<sup>24</sup> Quebec Legislative Assembly—*Votes and Proceedings*, 26th Legislature, 3rd Session, No. 1. Jan. 9, 1962, p. 12.

Early in the session, on February 7, Premier Lesage introduced the new *Quebec Election Act* (Bill 15) which was given first reading unanimously in the Legislative Assembly without debate. It was a 219-page document and he explained that it contained three basic reforms:

1. Limitation of expenses of political parties and candidates in election campaigns;
2. contribution by the provincial treasury to expenses of candidates;
3. various changes in time limits concerning elections (which would also have the effect of reducing the cost of campaigns).

A Special Committee was formed to study, debate and report upon the Bill. Opposition Leader Daniel Johnson was a member but the Premier was not. Eight of the members were Ministers. The Chairman of the Committee was Mr. Guy le Chasseur (L. Vercheres), a lawyer (later Speaker of the Legislative Assembly).

### 1. *Analysis of Bill 15*

The Bill on first reading contained: limitations of electoral expenditures of candidates to 50 cents per elector and those of parties to 25 cents;<sup>25</sup> the payment by the provincial treasury of a part of candidate expenses up to 15 cents per listed elector and up to 25 cents in the three largest constituencies.<sup>26</sup> These and other provisions were to be enforced by fines and imprisonment as well as the voiding of an election and the loss of the right to vote, and disqualification as a candidate for six years for candidates and party leaders who contravened these limitations.<sup>27</sup>

"Recognized political parties" were defined in section 375 which required a party wishing to incur election expenses to appoint an official agent through its recognized leader, the chief returning-officer to be informed in writing. In order to be able to do this the party must at the previous general election have had official candidates in at least three-fifths of the constituencies or have such number at the general election for which it appoints an agent. If, when nominations close, it has not attained such number the appointment shall be cancelled and it shall cease to be a recognized party. This definition was extremely important, for only such a party was to have the right to spend any money at all during an election campaign.

Each candidate was to nominate an official agent, and no candidate's nomination-paper would be valid unless accompanied by such appointment.<sup>28</sup> No expenditure might be made without the signature of this agent. Newspapers, radio and television stations which accepted advertising from a candidate or party without such a signature might be prosecuted for corrupt practices. Candidates' official agents were required to submit a return of election expenses to the constituency returning-officer on a prescribed form, accompanied by invoices, receipts and other vouchers, within 60 days after the declaration of the elected candidate.<sup>29</sup> Similarly each party's official agent was to submit the party's return of expenses to the chief returning-officer within 120 days following that fixed for the return of the writs of election.<sup>30</sup>

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<sup>25</sup> Section 379.

<sup>26</sup> Section 380.

<sup>27</sup> Sections 389, 409.

<sup>28</sup> Sections 376.1 and 147.1. (e).

<sup>29</sup> Section 382.

<sup>30</sup> Section 383.



Publicity requirements were that the individual returning-officer would publish in a prescribed form a summary of each candidate's return in local newspapers (one French and one English) within 10 days of receipt, while the chief returning-officer would publish summaries of party expenses in the *Quebec Official Gazette* within 15 days of receipt. The constituency returning-officers would allow electors to examine the returns and other documents for the ensuing 180 days and then deliver them to the candidates on request or destroy them while the chief returning-officer would allow electors to examine party returns and associated documents for the same time span and then return them to the recognized party leader on request or destroy them.<sup>31</sup> Severe penalties were fixed for any contravention of these and allied provisions, some specified to be corrupt practices and others designated as other kinds of offences.

The government would aid candidates financially in various ways. It would supply free 20 copies of electoral lists to each candidate.<sup>32</sup> It would pay poll representatives of the candidates of the two parties which had received the most votes in the last election. In addition, as briefly noted previously, the candidates of the two parties which had obtained the most votes in the last election, and any other candidate who gained at least 20% of the total vote in his constituency, would have the right to receive 15 cents per elector on the lists for his election expenses.

What would be the total limitation and the total cost of all these provisions? It was estimated that there would be about 2,800,000 electors listed at the next general election. Thus the total expenditures of each party would be limited to \$700,000 for the general campaign. If the party ran candidates in all the constituencies the total electoral expenditures of all its candidates combined might not exceed \$1,400,000. The total sum that a party and its candidates might expend would amount to a maximum of \$2,100,000. According to this writer's calculations, the *minimum* extra cost to the provincial treasury of the provisions for reimbursement, assuming that only two candidates ran per constituency, would have been about \$1,918,700. As we will see, in the Bill as enacted in 1963 the costs were considerably higher.

## 2. Public Reactions

All the newspapers felt that the discussions in committee would be lively and controversial. It was immediately seen that the definition of the "recognized party" would be the most debated as the Union Nationale (and others) held that the necessity of running candidates in 60% of the constituencies was somewhat high.<sup>33</sup> Premier Lesage said that this level was set by the cabinet on grounds that only such a group "would have a chance of forming a government."<sup>34</sup> He also said that the total expense limitation would be, from his knowledge of Quebec elections, much, much less than had been spent for decades.

He declared that his government would not accept any backsliding on its main principles, which he defined as the limitation on the expenditures of parties and candidates, and the participation by the government in the expenses of candidates. The government certainly had the intention of going still further in its

<sup>31</sup> Sections 382, 383.

<sup>32</sup> Section 116 (1).

<sup>33</sup> *Le Devoir*, Feb. 8, 1962.

<sup>34</sup> *Montreal Star*, Feb. 8, 1962.



experiment of the state-financing of election expenses but he did not wish to compromise its action by going too far at once. He felt it was an honest attempt, which would certainly revolutionize concepts about elections, even on a national scale.

In first reactions the *Montreal Star* called the bill "revolutionary". In an editorial entitled "An Election Act Looking to Reform" the day following its first report it felt that if the new Act left the Legislature in anything like its initial form, it should go far to curb the vicious election practices which had been all too readily accepted as normal in the past.<sup>35</sup> In *La Presse* Vincent Prince was more sceptical but still favoured the Bill. "If law could force consciences and impose virtue," he wrote, "I should be tempted to proclaim that the bill . . . will finally rid us, once for all, of the immoral grip of election funds and of the dubious practices of which appeals to the people have been too often the opportunity here."<sup>36</sup>

There came some dissenting voices. President Roger Provost of the Quebec Federation of Labour, and President Roméo Mathieu of the provincial New Democratic Party, said that the proposed electoral reform contained weaknesses that bordered on a conspiracy against democracy. It would do nothing to assure better labour representation in the Legislative Assembly and although it was "excellent" in principle that the state should limit election expenses and pay a part of them itself, they doubted if the proposed legislation would limit campaign spending effectively.<sup>37</sup>

The proposals also aroused comment from the rest of the country. Ontario political leaders were divided in their opinions. John Wintermeyer, at the time Ontario Liberal leader, said he would like to see a similar Bill in effect in Ontario, while Donald MacDonald, Ontario New Democratic Party leader, criticized what he said was a threat to some basic political rights.<sup>38</sup>

Within the province, the Opposition leader Mr. Johnson reacted on February 12 with a well thought-out critique, calling the proposals a "dangerous, anti-democratic and retrograde move" unless drastically amended.<sup>39</sup> He hoped the Legislature's Committee would be able to bring major amendments to the Bill. The Bill as presented would discriminate against a possible third party by refusing to allow it to spend any money whatsoever on general party expenses. The proposed reforms would give the party in power a decided advantage during elections, would remove safeguards, and would be unjust to "other" party candidates and Independents because they would not be identified on the ballot. He thought it was good for the province to have smaller parties and Independents represented in the Legislature whether they are "nationalist, democratic, separatists or whatever." Such groups not only would be prevented from spending as parties but would have to find the money to pay their poll representatives. Mr. Johnson said the Union Nationale Party, which he claimed had no federal wing, was at a special disadvantage. "There's nothing to stop the federal Liberal party from putting out propaganda for the provincial party during an election," he said. He did agree that the idea of providing 15 cents per elector per candidate from

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<sup>35</sup> *Montreal Star*, Feb. 9, 1962.

<sup>36</sup> Prince, Vincent, in *La Presse*, Feb. 9, 1962, (author's translation).

<sup>37</sup> *Le Devoir*, Feb. 10, 1962, and *Montreal Star*, Feb. 12, 1962.

<sup>38</sup> *Montreal Star*, Feb. 10, 1962.

<sup>39</sup> *Le Devoir* and *Montreal Star*, Feb. 13, 1962.

the provincial treasury was "an experiment which should be tried" but he described as "visionary" attempts to control party spending when "no party is obliged to make public its election revenues."

Premier Lesage replied that the Bill was a start.<sup>40</sup> "One day the State would absorb all election expenses," he declared, "thus rendering party funds useless." He held to the definition of "recognized party" for "a party, to be serious, must have a reasonable, or at least mathematical chance of forming a government." This principle did not harm the New Democratic Party for if it wanted to arrive in power, it would have to have candidates in at least 60% of the constituencies. The Premier said that it would be easy enough to control electoral expenditures for "in addition to the precautions provided by the law, candidates and party leaders will be strongly interested in evaluating their opponents' expenditures." He concluded that the Bill was perhaps not perfect, but it was an innovation in Canada, and a first step toward the disappearance of election funds and the state payment of the expenditures occasioned by elections.

André Laurendeau summarized the opening public debate in an editorial in *Le Devoir* on February 14, 1962. Under the headline "On the whole: a good law" he wrote:

Discussion is now engaged on the election act. There are already formulated harsh critiques about it: some are partisan, others pertinent. Moreover nothing is more normal than this examination which has begun, nothing is healthier.

However, on the whole, [this] election act . . . has an incontestable superiority over those which preceded it. In many ways it is courageous and audacious.

The idea of limiting electoral expenditure is, in Quebec an innovation. To reject it—as a Union Nationale member did on television the day before yesterday—because this would be to show the country that our elections are scandalously expensive, is a pitiful argument. The country knows perfectly well our practices and the size of our electoral funds. What it learns today is our will to reform.

To make the state take part of the legitimate expenses of the parties corresponds to a just idea: it is a question of permitting the parties to escape, to a certain extent, from the tyranny of the fund contributors.

It is right, equally, to recognize the existence of parties officially and no longer only those of the government and the official opposition. The attitude of the past becomes more and more hypocritical, it tended also to protect the old parties . . .

It would be unjust, in the analysis of this bill, to forget that it represents important progress over the past legislation, and a sincere effort to overcome the difficulties of our environment. I find in it also a sense of risk, for the legislator does not fear to go beyond the beaten path. Let us recognize first of all goodwill where we find it, and especially when we meet it where it has always been so rare.

## B. *Committee Study, Debate and Amendments*

On February 20 the Special Committee got down to work in a clause by clause study of the Bill. Mr. Gérin-Lajoie declared that election expenses in Quebec had

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<sup>40</sup> In a broadcast "La politique provinciale"—on Radio-Canada, Feb. 12, 1962, reported in *Le Devoir*, Feb. 13, 1962.

constituted a scandal, an orgy in the eyes of the people of Quebec and of the rest of Canada. Limitation of expenses was one of the principles from which the government would not budge, and considering that the government would meet some expenses the total allowed was more than ample. He declared that among the other principles from which the government would not budge were the legal recognition of parties and government financial aid to candidates. Mr. Johnson said his party was sitting in the Committee in the hope of making the final Act more democratic and less retrograde than that proposed. The Union Nationale would attempt not only to obtain amendments to details but to sections covering what it considered principles.

Mr. Gérin-Lajoie said that as a means of controlling election expenses, the government specified the restrictions of official agents, making them legally responsible for expenses and providing severe penalties for infractions of the law. He said that since the government would pay some expenses, this would go a long way toward limiting the dangers of party war chests. In answering to criticisms, the Youth Minister insisted that, in granting political parties an official status, the law did not foresee only the two main parties now operating in the province. He said, in a notable admission, that the 60% rule set down in the Bill was a matter of detail, and that the exact percentage could be thrashed out by the Committee.

A week later Premier Lesage heard a brief presented by the Quebec Federation of Labour,<sup>41</sup> and then suggested an amendment that would ease restrictions on third parties. He said that if a third party decided to run candidates in, for instance, 20 ridings, it might be worth considering giving that party the right to spend 25 cents per elector in those ridings. (As we will see, he went still further than this in the Bill as finally enacted, giving such rights to a party running only 10 candidates). He had obviously felt the weight of criticism on this point, for he insisted that he wanted to overcome the impression that the government was trying to protect the two parties now in existence in the province, and wanting to hold back third parties.

Later, in the Legislative Assembly, the whole principle of a flat-rate limitation on expenditure was raised and its replacement by a sliding-scale limitation was advocated by Mr. Paul Dozois (U.N.-Montreal-St. James). (This was later adopted). The sliding scale adopted had the effect of reducing the limitation, rather than raising it, which was apparently Mr. Dozois' original intention. The one he put forward for debate would have set a limit of 75 cents per elector for the first 10,000 electors in a riding, 60 cents for the next 10,000, and 50 cents for every elector over 20,000. The section was finally suspended for further consideration.

Union Nationale members also had some hard thoughts about the official agent requirement. By simply spending more than the law permits, the agent could put the candidate in the position of being banned from holding office for years. Mr. Gérin-Lajoie simply remarked that candidates with such fears could act as their own official agents.

The same day the government took action to answer its critics by a drastic change of mind as to what should constitute an official party. An amendment was proposed and adopted stating that a party must have 10 candidates in the running

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<sup>41</sup> *Montreal Star*, Feb. 26, 1962.



to be accepted. Specifically, the amendment stated that the nomination of an official agent of a party would not be accepted if the party had not had at least 10 official candidates in the preceding election or could prove that it would have 10 in the election in progress. The 10 candidate requirement would hold throughout the Act.

On June 30 the Special Committee held its last sitting and accepted the principle of a sliding scale of expenditures for candidates that would permit those in smaller constituencies to spend relatively more and those in larger ones, less. Mr. Dozois' suggestion of a sliding scale was thus accepted by the Committee, but modified to 60, 50, and 40 cents. This concluded the Committee's work.

On July 6, Bill 15, *Quebec Election Act*, was read the second time, committed and considered in the Committee of the Whole. Progress was reported and leave was granted to the Committee to sit again the same day, which turned out to be the last of the 26th Legislature. The Bill, as amended, was read and agreed to and was read the third time on division.<sup>42</sup>

The Legislative Assembly then adjourned for a summer recess and the government announced that it planned to introduce Bill 15 in the Legislative Council in November, but on September 22 the government dissolved the Legislature and called a general election for November 14. This, of course, meant that Bill 15 died on the order paper; it would have no bearing on the general election, and would have to be completely revived from the beginning, if so desired, by the next Legislature.

### C. *Bill 15 as adopted by the Legislative Assembly*

Bill 15, as given its third reading on July 6, 1962, was substantially the same as that given first reading five months before except for the two major amendments described. Candidates were now to be allowed to spend up to 60 cents per elector for the first 10,000, 50 cents per elector for the second 10,000, and 40 cents per elector in excess of 20,000, all during general elections; in by-elections the amounts could be increased by 25 cents per elector. In the three largest constituencies the maxima were increased by 10 cents per elector. The new definition of "recognized party" meant now the party of the Prime Minister or of the leader of the official opposition or a party with at least 10 official candidates at the last general election or with that many in the general election in progress. Only such a party could appoint an official agent and spend any money in its general campaign.

## IV. ENACTMENT

During the 1963 session, Bill 15 was reintroduced and went from first reading to sanction without substantial amendment to the provisions on political financing. The only substantive change, was that section 219 was amended so as to give financial assistance to an Independent member by allowing his poll representatives

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<sup>42</sup> Quebec Legislative Assembly, *Votes and Proceedings*, No. 93. July 6, 1962. pp. 817-8, 821.



to be paid at a subsequent election on the same basis as those of "official candidates of recognized parties." Also, the salary of the chief returning-officer was raised to \$18,000 per annum.

#### A. *First Session of the 27th Legislature, January 15-July 11, 1963*

On January 15, 1963, the new Legislature opened and in the Throne Speech the government announced: "You will be asked to study two questions of prime importance, the revision of the Election Act, and territorial redistribution . . ."

On February 1, Bill 15 was reintroduced, given first reading, and ordered for second reading at the next sitting. A Special Committee was formed to study it, similar in composition to the 1962 Committee. On February 15, on Mr. Lesage's motion, the Bill was read the second time and referred to the Special Committee for consideration. There was a lively debate on second reading but it was not the substance of the Bill that was under discussion; the members preferred to hurl accusations about previous elections at each other for two hours.

Mr. Johnson began by claiming that the Liberals had not wanted the new *Election Act* in force for the previous election since they would have been beaten. If they had been serious in all their claims to purity, he said, it could have been passed in an hour or so by the Legislative Council. He went further and said that even had the old Act been decently enforced, the Liberals would now be in the opposition. He added: "The population had watched in stupor the election tactics used by the Liberals." But finally, to show that the government did not favour Liberal over Union Nationale constituencies, Mr. Laporte proceeded to read a long list of grants made to Union Nationale constituencies before, during, and after the election campaign.

#### B. *Committee Study, Debate and Amendments*

The Committee's work proceeded quietly, with no amendments of substance to the political financing sections. However an amendment that would profoundly affect its operation was adopted unanimously on March 7. This lowered the voting age to 18 from 21, and so would enfranchise well over a quarter-million new voters. At one stroke this would enable each party with candidates in all constituencies to spend over \$62,000 more on its general campaign and its candidates to spend upward of \$125,000 more.

In continued discussion the opposition voiced a demand which, if granted, would have made the Act unique in Canada from yet another aspect. The way to get around possible party machinations in polls was, according to Mr. Johnson, to allow the opposition as well as the government to name deputy returning-officers. He argued that instead of the government appointing all the deputy returning-officers, the opposition should appoint half. (The opposition has always been allowed to appoint the poll-clerks).<sup>43</sup> In reply, government spokesman Mr. Gérin-Lajoie noted that the Committee the previous year had decided that the

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<sup>43</sup> Section 171.

government should continue appointing election officers as it always had. The clause was adopted by the Committee without amendment.

No further amendments of interest were discussed until May 8 when the amendment, already mentioned, to give further financial assistance to Independent candidates was adopted. The original provision would have meant that the agents of those Independent candidates who were elected time after time would not be remunerated in the same way as agents of candidates of "recognized parties." Opposition leader Johnson suggested that the clause could be rewritten to cover agents of outgoing Independent members of the Legislature, and this was finally adopted.

On May 9 the Committee reached the subject "Election Expenses" and both parties reiterated that they favoured limiting them but differed when it came to particulars. Mr. Dozois, still a constructive critic, asked if, strictly for purposes of computing expenses, a rate could not be set for television time—perhaps the minimum rate in effect in the province. Television time was far more expensive in Montreal than in some outlying sections of the province and a city candidate who wanted to use television bought access to a far larger audience than he wanted to reach and at an extremely high cost. Mr. Laporte said that to set a rate for computing television expenses could in fact mean that a city candidate who used the medium heavily could spend thousands more than envisaged by the Bill.

On June 14, Bill 15 was considered in Committee of the Whole. The Bill as amended was read, agreed to, and was read the third time. Actually the Assembly approved the new Act unanimously, with the exception of those sections affecting voters' slips (which were now abolished), and Mr. Johnson's renewed demand that half the deputy returning-officers be named by the opposition. (The latter proposal was again rejected).

This time the Bill was submitted to the Legislative Council and the fears which had been expressed the year before regarding the Union Nationale's possible last-ditch opposition or amendments of substance in the Upper House were not realized. There were no amendments of real substance, and none at all to the sections on political finances. On July 10, 1963, the Bill was given Royal Assent, as the *Quebec Election Act*, 1963, chapter 13, and in the following year was embodied in the Revised Statutes of Quebec as the *Election Act*, 1964, chapter 7. However, the Act did not come into force immediately but only on January 1, 1964, and therefore it did not affect the by-election held on September 25, 1963. But there were at least three more by-elections in the offing for 1964 (actually four took place). These would see the advent of a unique experiment in North America, the partial payment of campaign expenses by the government.

## V. APPLICATION

A general election took place on June 5, 1966.\* However, there had been a preliminary testing of the new *Election Act* with six by-elections: four on October 5, 1964, and two on January 18, 1965. The last two were hardly to be counted as tests since they were not contested by the Union Nationale but only by Independents against the Liberals. The four of October 1964 were, however, contested by both major parties.

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\* See Section VII for particulars.

As the *Montreal Star* commented editorially<sup>44</sup> just before they were to take place:

Much more than the usual interest is being shown in the four by-elections called for October 5 because, for the first time, Quebec's new, radically different electoral law will be tested.

Not only will 18-year-olds be permitted to vote, but candidates will be limited in the amount of money they can spend and some of them, at least, will receive a refund of part of their expenses from the state.

The new electoral law stipulates that in a general election each party is limited to spending 25 cents per elector, and each candidate is also limited, but on a sliding scale. He is permitted to spend 60 cents for each of the first 10,000 electors in his riding, then 50 cents up to 20,000 and 40 cents on each elector above 20,000. Because these are by-elections coming up, the amounts are increased by 25 cents per elector [and parties as such are not allowed to spend anything.]

Reimbursement will be 15 cents per listed elector and will be paid to those candidates who would normally rate a [paid poll . . . representative] or to those who obtain 20% of the valid votes.

Saguenay county being a special case because of its vastness, the expenses permitted and the reimbursement are both increased.

This put the situation succinctly; an additional comment and a correction have been added in square brackets.

#### A. *The "Little General Election," i.e., Four By-elections Held on October 5, 1964*

The opposition in Quebec rarely bothers to contest by-elections, preferring to save its money and efforts for the decisive test of a general election. But these four simultaneous by-elections were in a rather different category. They represented four widely different regions of the province: Matane in lower Gaspesia, Saguenay covering the whole North Shore of the Gulf of St. Lawrence, Dorchester in the Eastern Townships, and Verdun, a city bordering on Montreal with a large English-speaking population.

Except for Verdun, which had always been solidly Liberal, the other three seats were reasonable fighting ground for both the major parties. All three had been held by the Union Nationale in 1956, two of them, by Ministers in Mr. Duplessis's government. In the upset of 1960 Matane and Saguenay had gone Liberal with a 7% majority in the first and an 18% majority in the other. Mr. Bégin had narrowly held on in Dorchester with a majority reduced to less than 2%. In the 1962 election against the provincial trend, however, the Liberal majority had been reduced by 3% in Saguenay and almost vanished in Matane to under 1% while in Dorchester a new candidate had retained the seat for the Union Nationale with a majority increased to 7%. In these by-elections, the Liberals retained Matane and Saguenay with increased majorities of 10% and 17% respectively and finally captured Dorchester with a majority of 10%. The Union Nationale candidates performed perfectly respectably in all three contests.

In this first test of the new *Election Act* the parties, as such, could make no expenditures. This was not clearly stated in the Act and occasioned some

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<sup>44</sup> *Montreal Star*, Sept. 23, 1964.



confusion. One result was that an amendment clearly stating this has been added by an amending Act, in force on August 6, 1965.<sup>45</sup> It was, however, implied, as candidates' permissible expenditures were to be increased by 25 cents per elector during by-elections, the same amount as parties are allowed to spend during general elections. The amounts permitted to candidates in these by-elections had to be calculated from the number of electors at the rate of 85 cents per elector up to 10,000 for Matane, Dorchester and Verdun; then 75 cents per elector up to 20,000 and 65 cents per elector in excess of that number.<sup>46</sup> In Saguenay, these amounts had to be increased by 10 cents per elector.<sup>47</sup> The estimated permissible sums thus came, per candidate, to: Matane, \$17,926.60; Dorchester, \$15,901; Saguenay, \$27,714; Verdun, \$35,373.25.

Financial assistance rendered by the provincial treasury to the candidates included: 20 copies of the electoral lists to every candidate; payment of poll representatives for the two official party candidates in each contest; and reimbursement of expenses at the rate of up to 15 cents per elector in Matane, Dorchester and Verdun and 25 cents per elector in Saguenay to each official party candidate and to Independents who might get at least 20% of the valid vote.<sup>48</sup> There were, incidentally, Independents running in Matane, Dorchester and Verdun but none reached the required minimum number of votes to qualify them for reimbursement, and as a result only one (Mr. Dumont in Dorchester) filed a return of expenses. None were qualified for payment of poll representatives under section 219.

The eight official party candidates in the four contests all spent enough to qualify for full reimbursement and their poll representatives were paid. It was estimated that the government would therefore be spending the following sums on these items:

TABLE 2  
ESTIMATED NEW COST TO PROVINCIAL TREASURY  
OF 1964 BY-ELECTIONS

	Matane	Dorchester	Saguenay	Verdun
	\$	\$	\$	\$
Poll Representatives (\$27 each) <sup>a</sup> .....	3,240.00	2,511.00	3,645.00	5,535.00
Reimbursement (per official party candidate) <sup>b</sup> .....	3,444.60	2,980.20	8,238.25	7,470.75
Cost per candidate.....	6,684.60	5,491.20	11,883.25	13,005.75

<sup>a</sup>Estimated on the basis of the number of polls in 1962.

<sup>b</sup>Estimated. (See below for actual reimbursement)

Thus the total new cash cost to the government (excluding the free copies of the lists) was \$74,129.60, or about 50% of what the candidates declared having spent, a far from inconsiderable expense. All the official party candidates made detailed returns as specified in section 382. These are shown in the table which follows:

<sup>45</sup> New clause 4 of s. 379, added by Bill 49 now 1965, c. 12 s. 37 (b). See Chapter VI, *infra*.

<sup>46</sup> *Election Act*, s. 379. 2 (a) and (b).

<sup>47</sup> Section 379. 3.

<sup>48</sup> Section 380.



TABLE 3  
BY-ELECTIONS OCTOBER 5, 1964—CANDIDATES' DECLARED EXPENDITURES<sup>a</sup>

	Matane		Dorchester		Saguenay		Montreal-Verdun		
	Bernier (L)	Blanchet (U.N.)	O'Farrell (L)	Blais (U.N.)	Dumont (Ind.)	Maltais (L)	Bruyère (U.N.)	Wagner (L)	Therrien (U.N.)
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Personal Expenses.....	967.34	565.62	630.35	164.01	821.46	800.00	—	—	248.23
Hire of premises.....	710.00	860.00	1,064.00	783.50	301.00	860.00	1,260.00	627.33	550.00
Services.....	7,877.03	5,461.35	4,195.93	6,814.20	438.00	6,434.80	11,896.96	6,125.75	6,232.63
Travelling expenses and hire of vehicles..	65.36	175.00	2,843.53	944.35	20.00	9,643.36	2,077.09	992.00	30.14
Goods supplied.....	149.98	197.36	421.77	82.11	—	2,241.58	1,406.02	1,041.04	810.34
Advertising.....	5,524.47	5,372.22	4,310.53	3,960.70	1,770.54	7,476.04	8,460.14	12,457.08	9,497.80
Disputed claims.....	—	—	—	807.00	—	—	—	—	—
Total Expenditures.....	15,294.18	12,631.55	13,466.11	13,555.87	3,351.00	27,455.78	25,100.21	21,243.20	17,369.14

<sup>a</sup> Source: Figures furnished by the chief returning-officer.

## B. *Analysis of How the Financial Clauses Worked in Practice and How they were Followed*

Actually the amounts paid by the provincial treasury varied slightly from the estimates in Table 2. The actual amounts were as follows: in Matane, Bernier (L) \$3,444.90, Blanchet (U.N.) \$3,457.05; in Dorchester, O'Farrell (L) \$3,002.85, Blais (U.N.) \$3,002.85; in Saguenay, Maltais (L) \$8,768.25, Bruyère (U.N.) \$8,780.75; in Verdun, Wagner (L) \$6,894.75, Therrien (U.N.) \$7,037.25. This came to a total of \$44,388.65. This was a proportion of a little under 30% of what was actually spent by the candidates and to this, as we have seen, must be added the payment of their poll representatives and 20 free copies of the electoral lists. So this writer would estimate that about half of the candidates' potential expenses were borne by the treasury.

No candidate exceeded the limits set. The highest proportionate spender was Mr. Blais (U.N., Dorchester) who spent 94% of the limit in his unsuccessful bid. The next highest was the successful Liberal candidate in Saguenay, Mr. Maltais, who reached 93.5%. The lowest proportionate spender appropriately was the U.N. candidate in Verdun, who expended only 52% of the limit. The proportionate spending is reproduced in the table which follows.

TABLE 4  
PROPORTIONS OF THE PERMISSIBLE LIMIT SPENT  
BY CANDIDATES IN 1964 BY-ELECTIONS

	Matane	Dorchester	Saguenay	Verdun
	%	%	%	%
Liberal.....	85.5	84	93.5	65
Union Nationale.....	70	94	86	52

Candidates were allowed up to \$2000 for personal expenses, some of which would count toward the limit, but none spent more than \$967 on this item.

The validity of the returns is supported by some remarkable consistencies in the relative amounts spent for the various items. Candidates spent from 3% to 8% of their total on hire of premises, from less than 1% to 8% on goods supplied. Outside the Saguenay, the item of travelling expenses and hire of vehicles was a minor expense, taking from less than 1% to 6% for five of the candidates and for the Liberal in Dorchester 17% of his total. In the Saguenay, of course, this item took more for the Liberal than any other, 35%, however his opponent could not have done much travelling on only 8% of his total. In the other constituencies, advertising was the largest expense for all except one candidate, taking up to 60% of Mr. Wagner's expenditures and 55% of his opponent's and never less than 26%. Even in the Saguenay, this item took 27% of the Liberal and 34% of the Union Nationale budget. The other largest item was "services", which took as much as 52% of the Liberal budget and 43% of the Union Nationale in Matane, 31% and 45% respectively in Dorchester, 23% and 47% respectively in Saguenay and 29% and 36% respectively in Verdun.

All in all, we can conclude that the financial clauses of the new *Election Act* worked well in their first test. The limits were set by the returning-officers and were apparently respected; the returns were made in good form and were duly published in local newspapers; and finally, the government paid up (and all its candidates were elected). The stage was set for the general election but not before the government reviewed its experience and decided that some far-reaching amendments were in order. These were made in the session of 1965.

## VI. BILL 49 OF 1965, FURTHER AMENDMENTS

After reviewing its experience with the "little general election" of October 5, 1964, the government decided that the new *Election Act* required further amendments. The most important change was a substantial increase in reimbursement to candidates but the opportunity was also taken to add to the items that need *not* be considered as election expenses and so will not be considered for reimbursement. These now include the candidates' \$200 deposit<sup>49</sup> and, a further recognition of parties, the expenses involved in maintaining a recognized party's permanent office in Montreal and Quebec City.<sup>50</sup> The other change that concerns us is in the reporting requirement for candidates where official agents are given an extension of the time for filing returns. Now, following the 180-day period that the returning-officer must keep the returns and associated documents, he must no longer return them to the candidates or destroy them, but must send them to the chief returning-officer who must keep them at least a further year before he may return them to candidates or destroy them.<sup>51</sup>

### A. *Fourth Session of the 27th Legislature, 1965*

On May 4, 1965, Premier Lesage announced in the Legislature that the government was considering the possibility of raising the reimbursement rate for candidates in general elections from 15 cents to 30 cents per elector. At the same time he declared that the "democratic ideal" was to make elections as reasonable as possible by making people more conscious of civic duties and thus reducing campaign expenses, such as publicity, circulars, etc.<sup>52</sup> Apparently the government had originally drafted the amendment intending to pay all the expenses of candidates above 20 cents per elector so as to leave only 5 cents per listed elector of permissible expenses for candidates to pay. The amended clause<sup>53</sup> as enacted reduces the amount of reimbursement from the original intention and does nothing to widen the categories of candidates eligible for it.

The effect of the amendment is to double approximately the amount of reimbursement to most candidates if they are official party candidates or others who obtain at least 20% of the valid votes. This was brought out by Municipal

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<sup>49</sup> Section 372.2(g) added by 1965, c. 12, s. 34.

<sup>50</sup> Section 372.2(i) added by 1965, c. 12, s. 34.

<sup>51</sup> Section 382 as amended by 1965, c. 12, s. 39.

<sup>52</sup> *Montreal Star*, May 5, 1965.

<sup>53</sup> Section 380, as amended by 1965, c. 12, s. 38.

Affairs Minister Pierre Laporte when Bill 49 was taken in Committee of the Whole on July 13. He reportedly said:

At present candidates can only spend a certain amount of money per elector . . . . The ceiling varies from 40 to 60 cents a voter, depending on population. For most candidates the ceiling is 50 cents. At present, the government pays back 15 cents a voter to any candidate who gets 20% or more of the ballots cast.<sup>54</sup>

2. In a county [electoral district] where the number of electors is between 10,000 and 20,000—the case with the majority of the ridings—the maximum is 50 cents [per elector] a candidate. Under the amendment, a candidate would receive the usual 15 cents per voter plus one-fifth of his expenses per elector between 15 and 40 cents, plus everything he pays out over 40 cents. This would mean a candidate paying the full 50 cents would pay 20 cents out of his own pocket and the government would hand him back 30 cents.

3. In a county [electoral district] where the population is less than 10,000 the ceiling is 60 cents an elector. Here the government would pay the candidate the usual 15 cents plus one-fifth of what he spends between this amount and 40 cents plus anything he spends over 40 cents. This means he would receive 40 cents per voter from the government and would have to pay 20 cents out of his own pocket.<sup>55</sup>

During debate on the amendment, Premier Lesage cited the measure as an example of government plans to eliminate the system of political slush funds by limiting expenses and helping candidates who get 20%, or more, of the ballots cast. There seems little doubt that he means just what he says in view of his past declarations and the action taken here, with the result that any candidate who spends the maximum allowed will have out of pocket expenses of only 20 cents per elector regardless of the size of the electorate in his constituency.

By August 6, 1965, Bill 49 had passed the Legislative Council and on that day it was given Royal Assent as 13-14 Eliz. II 1965, c. 12 and 13. All that remains is for us to summarize the political finance provisions of the *Election Act*.

### B. *Political Finance Provisions of the Quebec Election Act*

The new sections are: those dealing with expenditures *not* to be considered as election expenses (section 372); new reimbursement scales (section 380); and the filing and retention of documents provisions (section 382). Incidentally, the chief returning-officer was also given a raise, from \$18,000 to \$22,500 per annum (section 8).

#### 1. *Limitations*

Parties are still limited to no more than 25 cents per elector, in the aggregate of constituencies in which they have candidates in general elections; no general campaign expenditures are allowed for by-elections.<sup>56</sup> Candidates are allowed to spend up to 60 cents per elector for the first 10,000, 50 cents per elector for the second 10,000 and 40 cents per elector in excess of 20,000, all during general elections. In by-elections the amounts are increased by 25 cents per

<sup>54</sup> Note: under the terms of section 380 an official party candidate can fall below this vote and still be reimbursed.

<sup>55</sup> *Montreal Star*, July 14, 1965.

<sup>56</sup> Section 379. 1 and 4, as amended by 1965, c. 12, s. 37.



elector. In the three large area constituencies of Abitibi-East, Duplessis and Saguenay, as before, and in the now added one, the "very special riding" of Magdalen Islands, the maxima are increased by 10 cents per elector.<sup>57</sup> "Recognized party" means the party of the Prime Minister or of the leader of the Official Opposition and a party with at least 10 official candidates at the last general election or with that many in the general election in progress.<sup>58</sup> Only such a party may appoint an official agent and spend any money in its general campaign.<sup>59</sup>

## 2. *Reimbursement*

There is still no reimbursement for parties; candidates are reimbursed by the chief returning-officer up to 15 cents per listed elector for election expenses as specified and shown as paid; that is, candidates who are declared elected, or who have obtained at least 20% of the valid vote, or who are entitled to pay poll representatives under section 219. In addition, the returning-officer will pay an amount equal to one-fifth of election expenses in excess of 15 cents but not in excess of 40 cents per listed elector, and all election expenses in excess of 40 cents per listed elector. He will not, however, pay the *additional* 25 cents per elector allowed to candidates in by-elections. Naturally the previous section which reimbursed candidates up to 25 cents per elector in the three large area constituencies is now struck out.<sup>60</sup>

## 3. *Other assistance*

Returning-officers shall send 20 copies of electoral lists to each regularly nominated candidate.<sup>61</sup> Poll representatives (candidates' agents) are to be paid at the same rate as a poll-clerk (\$32) for election day. These must be nominated by candidates declared elected at the last election (this applies also to sitting Independents) or by official candidates of recognized parties.<sup>62</sup>

## 4. *Agency*

Every candidate and every recognized party must appoint an official agent.<sup>63</sup> No nomination-paper is valid unless accompanied by the appointment of the candidate's official agent and a party wishing to incur election expenses must have its "recognized leader" (not defined) appoint an official agent.<sup>64</sup> An official agent of a candidate or party who exceeds the permissible expenditures or files a false return is guilty of a corrupt practice, and thus liable to a fine of from \$100-\$1,000 and to imprisonment of from one to twelve months and his political rights revoked for 6 years.<sup>65</sup> During an election no person other than the official agent of a candidate or of a recognized party may incur election expenses.<sup>66</sup>

<sup>57</sup> Section 379. 2 (a) and (b), 3, as amended by 1965, c. 12, s. 37.

<sup>58</sup> Section 2. 20 and 375. 3.

<sup>59</sup> Section 375. 1.

<sup>60</sup> Section 380, as amended by 1965, c. 12, s. 38.

<sup>61</sup> Section 116.

<sup>62</sup> Section 219 and Schedule Two, 38. (O.C. 1172 dated June 15, 1965, as amended by O.C. 236, dated Feb. 15, 1966.

<sup>63</sup> Section 375 and 376. 1.

<sup>64</sup> Section 147. 1 (e) and 375. 1.

<sup>65</sup> Section 389.

<sup>66</sup> Section 373. 1, as amended by 1965, c. 12, s. 35

## 5. Election Expenses

This is given a wide definition and means all the expenditures incurred in an election period (*except* those specified in section 372.2) to promote or oppose, directly or indirectly, the election of a candidate or that of the candidates of a party or to propagate or oppose the program or policy of a candidate or party or to approve or disapprove the steps recommended or opposed by them or their supporters. Not included is the necessary cost of a nomination convention including the reasonable expenses of the candidate chosen, the cost of renting halls and the convening of delegates but it may not include any publicity and may not exceed the sum of \$1,000 (new amount). Also not included are the reasonable expenses incurred by a candidate or any other person, out of his own money, for lodging or food during a journey for election purposes, if such are not reimbursed, and a candidate's transportation costs. Other new provisions included here are: transportation costs of persons other than the candidate, paid out of their own money, if such costs are not reimbursed; the candidate's \$200 deposit; reasonable expenses for the publication of explanatory commentaries on the *Election Act* and instructions to be issued under its authority, provided they are strictly objective and contain no publicity favouring or opposing a candidate or party; and finally a most interesting provision, "the reasonable expenses usually incurred for the current operation of the permanent office of a recognized party on the island of Montreal and in the city of Quebec. . . ."<sup>67</sup> Personal expenses may be paid by a candidate himself, up to the amount of \$2,000, but these *do* form part of his election expenses and may not include any publicity and he must send a detailed statement of them to his official agent.<sup>68</sup> All payments for election expenses of \$10 or more must be proved by an itemized invoice.<sup>69</sup>

## 6. Returns and Publicity

Within 60 days following the day fixed for the return of the writs of election each official agent must deliver a full return of expenses to the returning-officer who, within 10 days after receipt, must publish a summary of it in both French and English newspapers in the locality. The returning-officer is to keep all documents and make them available to electors for 180 days for examination and then must send them on to the chief returning-officer who must keep them for at least one year and then return them to candidates upon request or destroy them.<sup>70</sup> Similar provisions apply to parties but contain longer periods of time. Party official agents have 120 days after the return of writs to make returns to the chief returning-officer who must publish a summary within 15 days after receipt in the *Quebec Official Gazette*. Then the chief returning-officer must keep the documents for 180 days, making them available to electors for examination after which he may return them to the "recognized party leader" upon request or destroy them.<sup>71</sup> In the case of returns not being made the candidate or party leader would be disqualified from sitting or voting in the Legislative Assembly until they have been delivered and he has been excused for

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<sup>67</sup> Section 372. 2 (i) as amended by 1966 Bill 3, s. 7 (b).

<sup>68</sup> Section 373. 5.

<sup>69</sup> Section 378. 1.

<sup>70</sup> Section 382, as amended by 1965, c. 12, s. 39.

<sup>71</sup> Section 383.

the delay by a judge.<sup>72</sup> Sitting or voting in the Assembly in contravention of these rules carries a fine of \$500 and costs for each day of contravention.<sup>73</sup> No special penalties are provided for candidates who fail of election and fail to file unless it comes under section 390, a general section which provides that "any infringement of the provisions of this division, other than a corrupt practice . . . shall be an offence punishable by a fine of one hundred to five hundred dollars and imprisonment not exceeding six months." Of course, non-elected candidates of official parties and Independents who gain 20% of the vote have a built-in spur to file as without their invoices and vouchers they will get nothing from the treasury.

### 7. Enforcement

There is still no sign of any quasi-judicial Commission. The chief returning-officer who supervises the carrying out of the Act is appointed by the Legislative Assembly acting by resolution and is given the status and tenure of a district judge. His salary is now \$22,500 per annum (up from \$18,000) and he is ordered to "... devote his time exclusively to the performance of the duties of his office."<sup>74</sup> The chief returning-officer recently reportedly declared, in testimony before a committee of the Legislature, that the cost of elections in the province will triple as a result of the political finance provisions of the new *Election Act*. He said that the cost to the provincial treasury will increase to between \$8 million and \$10 million from about \$3 million.<sup>75</sup>

## VII. FINANCES IN THE QUEBEC PROVINCIAL GENERAL ELECTION OF JUNE 5, 1966

*Editorial Note:* The main body of this study was completed a month before the provincial general election held on June 5, 1966. Since this election was the first occasion on which the Quebec legislation received a full test, the Committee asked Professor Angell to make an examination of the operation of the Act, albeit on unofficial figures. Firm data will not be available until the reports required under the law are submitted to the chief returning-officer of Quebec by candidates and parties, 60 and 120 days respectively from the date fixed for the return of the writs of election. The earliest possible date for the availability of official statistics would be the end of October, 1966. Since the writing and publication of this study could not be delayed, Professor Angell's unofficial estimates had to be employed.—Eds.

This section covers the operation of the financial provisions of the *Quebec Election Act*<sup>76</sup> in its first large-scale test in the general election of June 5, 1966. These provisions can be subsumed under two general headings: 1. maxima imposed on expenditures, covering parties and candidates; 2. reimbursements of election expenses, which are granted to candidates only. A final section deals with impressions of the campaign.

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<sup>72</sup> Section 384.

<sup>73</sup> Section 388.

<sup>74</sup> Section 8 and 13.

<sup>75</sup> *Montreal Star*, March 24, 1966.

<sup>76</sup> R.S.Q. 1964, c. 7, as amended by 1965, c. 12 & 13; 1966, Bill. 3.

## A. *Maxima on Expenditures*

### 1. *Recognized Parties*

By virtue of the provisions of sections 2(20) and 375 of the Act there were four "recognized parties": the Liberal Party of the Prime Minister; the Union Nationale (U.N.), the party of the Leader of the Official Opposition (each of which had a full slate of 108 candidates); the Ralliement National (R.N.), which had 90 candidates; and the Rassemblement pour l'Indépendance Nationale (R.I.N.), which had 73 candidates. Three other parties had candidates: the Parti Socialiste de Québec (P.S.Q.), the Quebec Conservative Party (Q.C.P.), and the Communist Party, with four candidates each. None of these qualified as recognized parties, nor could they appoint official agents, and therefore they were not permitted to spend money on any general campaign. While the names of the recognized parties appeared on the ballots for the first time in the 1966 general election, the names of the unrecognized parties did not. Also in the running were 27 assorted Independents.

Section 379(1) provides that election expenses for a party during general elections must be limited so as never to exceed 25 cents per elector in the aggregate of electoral districts in which such party has official candidates. Table 5 shows the maximum permissible expenditures on the general campaign for each of the four recognized parties.

TABLE 5

#### LEGAL MAXIMA OF PARTY EXPENDITURES ON GENERAL CAMPAIGN

Party	Total Candidates	Aggregate of Listed Electors	Maximum Permissible Expenditure
			\$
Liberal.....	108	3,190,373	797,593.25
Union Nationale.....	108	3,190,373	797,593.25
R.N.....	90	2,786,559	696,639.75
R.I.N.....	73	2,508,705	627,176.25
Total maximum permissible expenditure by parties.....			2,919,002.50

### 2. *Candidates' Maxima*

Section 379(2) specifies that the election expenses for each candidate must be limited so as never to exceed: during general elections, 60 cents per elector in the electoral district up to 10,000; and then 50 cents per elector up to 20,000; and 40 cents per elector in excess of that number. Section 379(3) provides that for each candidate in the electoral districts of Abitibi-East, Îles de la Madeleine, Duplessis and Saguenay, the maximum shall be increased by 10 cents per elector.

Table 6 shows all candidates' maximum permissible expenditures in all electoral districts.



TABLE 6  
CANDIDATES' LEGAL MAXIMUM EXPENDITURES

Constituency	Number of Candidates	Electors on List*	Maximum per Candidate	Maximum Expenditure in Electoral District
			\$	\$
Abitibi-East <sup>b</sup> .....	4	42,934	24,467.00	97,868.00
Abitibi-West.....	4	15,328	8,664.00	34,656.00
Argenteuil.....	5	18,460	10,230.00	51,150.00
Arthabaska.....	4	27,470	13,988.00	55,952.00
Bagot.....	4	12,869	7,434.50	29,738.00
Beauce.....	3	34,091	16,636.40	49,909.20
Beauharnois.....	5	30,561	15,224.40	76,122.00
Bellechasse.....	2	14,309	8,154.50	16,309.00
Berthier.....	3	16,442	9,221.00	27,663.00
Bonaventure.....	2	23,109	12,243.60	24,487.20
Brôme.....	3	8,453	5,071.80	15,215.40
Chambly.....	4	47,142	21,856.80	87,427.20
Champlain.....	3	30,722	15,288.80	45,866.40
Charlevoix.....	2	18,006	10,003.00	20,006.00
Chateauguay.....	6	24,777	12,910.80	77,464.80
Chauveau.....	4	46,978	21,791.20	87,164.80
Chicoutimi.....	3	24,627	12,850.80	38,552.40
Compton.....	3	12,683	7,341.50	22,024.50
Deux-Montagnes.....	4	21,576	11,630.40	46,521.60
Dorchester.....	3	20,773	11,309.20	33,927.60
Drummond.....	3	34,581	16,832.40	50,497.20
Dubuc.....	4	25,215	13,086.00	52,344.00
Duplessis <sup>b</sup> .....	4	18,573	12,143.80	48,575.20
Fabre.....	5	47,475	21,990.00	109,950.00
Frontenac.....	4	15,446	8,723.00	34,892.00
Gaspé-North.....	3	12,041	7,020.50	21,061.50
Gaspé-South.....	2	18,625	10,312.50	20,625.00
Gatineau.....	4	31,849	15,739.60	62,958.40
Hull.....	3	33,378	16,351.20	49,053.60
Huntingdon.....	2	8,559	5,135.40	10,270.80
Iberville.....	4	10,556	6,278.00	25,112.00
Îles-de-la-Madeleine <sup>b</sup> .....	2	6,611	4,627.70	9,255.40
Joliette.....	4	27,489	13,995.60	55,982.40
Jonquière.....	5	32,142	15,856.80	79,284.00
Kamouraska.....	4	15,583	8,791.50	35,166.00
Labelle.....	4	14,549	8,274.50	33,098.00
Lac-St-Jean.....	3	24,670	12,868.00	38,604.00
L'Assomption.....	4	26,589	13,635.60	54,542.40
Laval.....	6	48,217	22,286.80	133,720.80
Laviolette.....	3	27,855	14,142.00	42,426.00
Lévis.....	4	34,693	16,877.20	67,508.80
L'Islet.....	2	13,605	7,802.50	15,605.00
Lotbinière.....	3	15,758	8,879.00	26,637.00
Maskinonge.....	3	12,781	7,390.50	22,171.50
Matane.....	3	23,115	12,246.00	36,738.00
Matapédia.....	4	15,998	8,999.00	35,996.00

TABLE 6 (Continued)  
CANDIDATES' LEGAL MAXIMUM EXPENDITURES

Constituency	Number of Candidates	Electors on List <sup>a</sup>	Maximum per Candidate	Maximum Expenditure in Electoral District
			\$	\$
Mégantic.....	3	30,502	15,200.80	45,602.40
Missisquoi.....	4	19,322	10,661.00	42,644.00
Montcalm.....	4	11,335	6,667.50	26,670.00
Montmagny.....	3	15,280	8,640.00	25,920.00
Montmorency.....	4	31,851	15,740.40	62,961.60
<i>Montreal Island</i>				
Ahuntsic.....	5	41,475	19,590.00	97,950.00
Bourassa.....	5	47,053	21,821.20	109,106.00
Bourget.....	5	43,525	20,410.00	102,050.00
D'Arcy-McGee.....	4	45,611	21,244.40	84,977.60
Dorion.....	6	37,186	17,874.40	107,246.40
Gouin.....	5	44,596	20,838.40	104,192.00
Jacques-Cartier.....	4	41,811	19,724.40	78,897.60
Jeanne-Mance.....	5	52,103	23,841.20	119,206.00
Lafontaine.....	4	44,978	20,991.20	83,964.80
Laurier.....	5	43,151	20,260.40	101,302.00
Maisonneuve.....	5	47,406	21,962.40	109,812.00
Marguerite-Bourgeoys.....	5	38,173	18,269.20	91,346.00
Mercier.....	5	43,351	20,340.40	101,702.00
Notre-Dame-de-Grâce.....	5	43,073	20,229.20	101,146.00
Olier.....	4	44,949	20,979.60	83,918.40
Outremont.....	5	40,129	19,051.60	95,258.00
Robert-Baldwin.....	6	50,232	23,092.80	138,556.80
Ste-Anne.....	6	31,749	15,699.60	94,197.60
Ste-Marie.....	4	38,048	18,219.20	72,876.80
St-Henri.....	5	40,583	19,233.20	96,166.00
St-Jacques.....	4	35,138	17,055.20	68,220.80
St-Laurent.....	3	48,649	22,459.60	67,378.80
St-Louis.....	5	27,553	14,021.20	70,106.00
Verdun.....	4	47,242	21,896.80	87,587.20
Westmount.....	6	46,096	21,438.40	128,630.40
Napierville-Laprairie.....	4	28,755	14,502.00	58,008.00
Nicolet.....	3	17,435	9,717.50	29,152.50
Papineau.....	4	31,472	15,588.80	62,355.20
Pontiac.....	2	11,770	6,885.00	13,770.00
Portneuf.....	5	32,529	16,011.60	80,058.00
<i>Quebec City</i>				
Jean-Talon.....	4	38,539	18,415.60	73,662.40
Limoilou.....	5	43,573	20,429.20	102,146.00
Louis-Hébert.....	4	44,436	20,774.40	83,097.60
St-Sauveur.....	4	34,623	16,849.20	67,396.80
Richelieu.....	4	29,503	14,801.20	59,204.80
Richmond.....	3	22,877	12,150.80	36,452.40
Rimouski.....	3	30,565	15,226.00	45,678.00
Rivière-du-Loup.....	2	22,725	12,090.00	24,180.00
Roberval.....	4	30,023	15,009.20	60,036.80

TABLE 6 (Concluded)  
CANDIDATES' LEGAL MAXIMUM EXPENDITURES

Constituency	Number of Candidates	Electors on List <sup>a</sup>	Maximum per Candidate	Maximum Expenditure in Electoral District
			\$	\$
Rouville.....	4	16,399	9,199.50	36,798.00
Rouyn-Noranda.....	4	20,886	11,354.40	45,417.60
Saguenay <sup>b</sup> .....	4	36,238	21,119.00	84,476.00
St-Hyacinthe.....	3	30,161	15,064.40	45,193.20
St-Jean.....	5	22,309	11,923.60	59,618.00
St-Maurice.....	3	36,672	17,668.80	53,006.40
Shefford.....	4	33,947	16,578.80	66,315.20
Sherbrooke.....	4	53,392	24,356.80	97,427.20
Stanstead.....	3	21,581	11,632.40	34,897.20
Taillon.....	5	38,271	18,308.40	91,542.00
Témiscamingue.....	3	10,751	6,375.50	19,126.50
Témiscouata.....	3	13,231	7,615.50	22,846.50
Terrebonne.....	4	68,417	30,366.80	121,467.20
Trois-Rivières.....	3	38,126	18,250.40	54,751.20
Vaudreuil-Soulanges.....	5	25,638	13,255.20	66,276.00
Verchères.....	4	27,934	14,173.60	56,694.40
Wolfe.....	3	9,134	5,480.40	16,441.20
Yamaska.....	2	9,048	5,428.80	10,857.60
Total 108.....	418	3,190,373	1,590,659.30	6,488,036.20

<sup>a</sup>Official figures (before revision) certified by the chief returning-officer, Quebec, May 14, 1966.

<sup>b</sup>Covered by section 379(3). All others come under section 379(2).

Table 6 shows that the maximum permissible expenditure for the 418 candidates ranged from the three lowest of \$4,627.70 in Îles-de-la-Madeleine, \$5,071.80 in Brôme, and \$5,135.40 in Huntingdon to the three highest of \$30,366.80 in Terrebonne, \$24,467 in Abitibi-East and \$24,356.80 in Sherbrooke. The total amount which might have been spent in any constituency was a function of the maximum per candidate multiplied by the number of candidates. Thus the maximum which might have been spent in a constituency ranged from the three lowest of \$9,255.40 in Îles-de-la-Madeleine, \$10,170.80 in Huntingdon and \$10,857.60 in Yamaska, each of which had only two candidates, to the three highest of \$138,556.80 in Robert Baldwin, \$133,720.80 in Laval and \$128,630.40 in Westmount. The large populations of constituencies on Montreal Island were reflected in the fact that while the average maximum per candidate for the whole province was \$14,728.30, the average for Montreal Island was \$20,021.76. A large number of candidates also ran in Montreal electoral districts. Thus the average maximum expenditure for Montreal electoral districts was \$95,831.80, compared with \$60,074.40 per electoral district in the province as a whole.

Over the whole province the total possible legal expenditures by candidates was \$6,488,036.20. Combining the totals of Tables 5 and 6 produces a total possible legal expenditure during the election of \$9,407,038.70. It is not suggested that anything like this amount was actually spent during the election.

## B. Reimbursement of Election Expenses

### 1. Deposits

Under section 148 the \$200 deposited by a candidate is returned if he is elected, or obtains a number of votes at least equal to one-half the number of votes polled in favour of the elected candidate. A total of 211 candidates qualified for the return of their deposits. The 207 who did not qualify, and who thus enriched the provincial treasury by \$41,400 included 15 of the U.N., 86 of the 90 R.N. candidates, 72 of the 73 R.I.N., all candidates of the unrecognized parties (4 P.S.Q., 4 Q.C.P., and the 4 Communists), and 22 of the 27 Independents. All Liberals regained their deposits.

### 2. Financial Reimbursement

Under section 380 all official Liberals and all official Union Nationale candidates except the one in Ste-Anne, as well as Mr. Hanley, the Independent member for that seat, were guaranteed reimbursement in this election regardless of how few votes they might poll. The Union Nationale candidates who qualify include the 15 who lost their deposits. Only 9 of these qualify under the "20%-of-the-vote" rule. The other six qualify under the "section 219" rule (even the candidate in Duplessis, where the Union Nationale won only about 2% of the vote). Some of these received far fewer votes than other candidates who do not qualify for reimbursement. In fact none of the other candidates who lost their deposits achieved 20% of the vote, although several came close, and none is therefore qualified.

Table 7 shows the number of candidates in each electoral district who qualify, the possible amount of reimbursement per candidate, and the total possible reimbursement per electoral district and for the whole province. "Possible" is used because each candidate must prove that he actually spent the amount applied for on permissible election expenses.

TABLE 7  
REIMBURSEMENT

Electoral District	Eligible Candidates	Possible Reimbursement per Candidate	Total Possible Reimbursement
		\$	\$
Abitibi-East.....	3	15,880.20	47,640.60
Abitibi-West.....	3	5,598.40	16,795.20
Argenteuil.....	3	6,538.00	19,614.00
Arthabaska.....	2	8,494.00	16,988.00
Bagot.....	2	4,810.70	9,621.40
Beauce.....	2	9,828.20	19,656.40
Beauharnois.....	3	9,112.20	27,336.60
Bellechasse.....	2	5,292.70	10,585.40
Berthier.....	2	5,932.60	11,865.20
Bonaventure.....	2	7,621.80	15,243.60
Brôme.....	2	3,381.20	6,762.40
Chambly.....	2	12,428.40	24,856.80
Champlain.....	2	9,144.40	18,288.80
Charlevoix.....	2	6,401.80	12,803.60



TABLE 7 (Continued)  
REIMBURSEMENT

Electoral District	Eligible Candidates	Possible Reimbursement per Candidate	Total Possible Reimbursement
		\$	\$
Chateauguay.....	3	7,955.40	23,866.20
Chauveau.....	2	12,395.60	24,791.20
Chicoutimi.....	2	7,925.40	15,850.80
Compton.....	2	4,804.90	9,609.80
Deux-Montagnes.....	2	7,315.20	14,630.40
Dorchester.....	2	7,154.60	14,309.20
Drummond.....	2	9,916.20	19,832.40
Dubuc.....	2	8,043.00	16,086.00
Duplessis.....	3	8,429.20	25,287.60
Fabre.....	2	12,495.00	24,990.00
Frontenac.....	2	5,633.80	11,267.60
Gaspé-North.....	2	4,612.30	9,224.60
Gaspé-South.....	2	6,587.50	13,175.00
Gatineau.....	2	9,369.80	18,739.60
Hull.....	2	9,675.60	19,351.20
Huntingdon.....	2	3,423.60	6,847.20
Iberville.....	2	4,166.80	8,333.60
Îles-de-la-Madeleine.....	2	3,305.50	6,611.00
Joliette.....	2	8,497.80	16,995.60
Jonquière.....	2	9,428.40	18,856.80
Kamouraska.....	2	5,674.90	11,349.80
Labelle.....	2	5,364.70	10,729.40
Lac-St-Jean.....	2	7,934.00	15,868.00
L'Assomption.....	2	8,317.80	16,635.60
Laval.....	2	12,643.40	25,268.80
Laviolette.....	2	8,571.00	17,142.00
Lévis.....	2	9,938.60	19,877.20
L'Islet.....	2	5,081.50	10,163.00
Lotbinière.....	2	5,727.40	11,454.80
Maskinonge.....	2	4,834.30	9,668.60
Matane.....	2	7,623.00	15,246.00
Matapédia.....	2	5,799.40	11,598.80
Mégantic.....	2	9,100.40	18,200.80
Missisquoi.....	2	6,796.60	13,593.20
Montcalm.....	2	4,400.50	8,801.00
Montmagny.....	2	5,584.00	11,168.00
Montmorency.....	2	9,370.20	18,740.40
<i>Montreal Island</i>			
Ahuntsic.....	2	11,295.00	22,590.00
Bourassa.....	2	12,410.60	24,821.20
Bourget.....	2	11,705.00	23,410.00
D'Arcy-McGee.....	2	12,122.20	24,244.40
Dorion.....	2	10,437.20	20,874.40
Gouin.....	2	11,919.20	23,838.40
Jacques-Cartier.....	2	11,362.20	22,724.40
Jeanne-Mance.....	2	13,420.60	26,841.20
Lafontaine.....	2	11,995.60	23,991.20
Laurier.....	2	11,630.20	23,260.40
Maisonneuve.....	2	12,481.20	24,962.40
Marguerite-Bourgeoys.....	2	10,634.60	21,269.20

TABLE 7 (Concluded)

## REIMBURSEMENT

Electoral District	Eligible Candidates	Possible Reimbursement per Candidate	Total Possible Reimbursement
		\$	\$
Mercier.....	2	11,670.20	23,340.40
Notre-Dame-de-Grâce.....	2	11,614.60	23,229.20
Olier.....	2	11,989.80	23,979.60
Outremont.....	2	11,025.80	22,051.60
Robert-Baldwin.....	3	13,046.40	39,139.20
Ste-Anne.....	3	9,349.80	28,049.40
Ste-Marie.....	2	10,609.60	21,219.20
St-Henri.....	2	11,116.60	22,233.20
St-Jacques.....	2	10,027.60	20,055.20
St-Laurent.....	2	12,729.80	25,459.60
St-Louis.....	2	8,510.60	17,021.20
Verdun.....	2	12,448.40	24,896.80
Westmount.....	2	12,219.20	24,438.40
Napierville-Laprairie.....	2	8,751.00	17,502.00
Nicolet.....	2	6,230.50	12,461.00
Papineau.....	2	9,294.40	18,588.80
Pontiac.....	2	4,531.00	9,062.00
Portneuf.....	2	9,505.80	19,011.60
<i>Quebec City</i>			
Jean-Talon.....	2	10,707.80	21,415.60
Limoilou.....	2	11,714.60	23,429.20
Louis-Hébert.....	2	11,887.20	23,774.40
St-Sauveur.....	2	9,924.60	19,849.20
Richelieu.....	2	8,900.60	17,801.20
Richmond.....	2	7,575.40	15,150.80
Rimouski.....	2	9,113.00	18,226.00
Rivière-du-Loup.....	2	7,545.00	15,090.00
Roberval.....	2	9,004.60	18,009.20
Rouville.....	2	5,919.70	11,839.40
Rouyn-Noranda.....	3	7,177.20	21,531.60
Saguenay.....	2	13,871.40	27,742.80
St-Hyacinthe.....	2	9,032.20	18,064.40
St-Jean.....	2	7,461.80	14,923.60
St-Maurice.....	2	10,334.40	20,668.80
Shefford.....	2	9,789.40	19,578.80
Sherbrooke.....	2	13,678.40	27,356.80
Stanstead.....	2	7,316.20	14,632.40
Taillon.....	2	10,654.20	21,308.40
Témiscamingue.....	3	4,225.30	12,675.90
Témiscouata.....	2	4,969.30	9,938.60
Terrebonne.....	2	16,683.40	33,366.80
Trois-Rivières.....	2	10,625.20	21,250.40
Vaudreuil-Soulanges.....	2	8,127.60	16,255.20
Verchères.....	2	8,586.80	17,173.60
Wolfe.....	2	3,653.60	7,307.20
Yamaska.....	2	3,619.20	7,238.40
Total 108.....	226	952,544.70	1,992,383.50

It is apparent from Table 7 that a total of 226 candidates qualify for a total possible amount of \$1,992,383.50, or an average of \$8,815.86 per candidate. Among these are 108 Liberal and 108 Union Nationale candidates, each slate qualifying for a total of \$952,544.70; four R.N. candidates for a total of \$32,881.10; a single R.I.N. candidate (its leader, Pierre Bourgault, in Duplessis) for \$8,429.20; and five Independents for a total possible of \$46,001.80.

The possible reimbursement per candidate ranges from the three lowest of \$3,305.50 in Îles-de-la-Madeleine, \$3,381.20 in Brôme and \$3,423.60 in Huntingdon to the three highest of \$16,683.40 in Terrebonne, \$15,880.20 in Abitibi-East and \$13,871.40 in Saguenay. The total possible reimbursement in constituencies ranges from the three lowest of \$6,611 in Îles-de-la-Madeleine, \$6,762.40 in Brôme and \$6,847.20 in Huntingdon to the three highest of \$47,640.60 in Abitibi-East and \$39,139.20 in Robert Baldwin, in each of which three candidates qualify, and \$33,366.80 in Terrebonne, where only two qualify.

### 3. Other Assistance to Candidates

(a) *Voters' Lists.* For the first time in a Quebec provincial general election 20 copies of the electoral list in each polling division were supplied to each regularly nominated candidate under section 77(1). No firm estimate can be made at this time of this expense to the provincial treasury, but an average of \$1,500 per candidate may be realistic in view of remarks made at the time this provision was under debate in the Legislature. Thus with 418 candidates in the running the charge for this time could be of the order of \$627,000.

(b) *Payment of Poll Representatives.* Also for the first time in a Quebec general election has section 219 been applied; this provides that two candidates in each electoral district may appoint an agent in each poll who would be paid the same remuneration as a poll-clerk (\$30 plus \$2 for meals).<sup>77</sup> In this election a total of 16,531 polls were established.<sup>78</sup> Two agents in each poll at \$32 each amounts to a total charge of \$1,057,984 on the provincial treasury.

### C. Impressions of the Campaign

On March 23, 1966, Mr. François Drouin, Quebec's chief returning-officer, told a Committee of the Legislature which was studying amendments to the *Election Act* that the cost of elections in the province would triple as a result of the government's decision to pay part of the election expenses of candidates of recognized parties. He said that the cost of elections would increase to between \$8 million and \$10 million from about \$3 million.<sup>79</sup> This now appears to have been an over-estimate. Perhaps a "little more than double" would be more correct. Table 8 shows that the estimated cash cost to the provincial treasury of assistance to candidates in the 1966 election will be something over \$3½ million.

<sup>77</sup> Schedule Two, 38 Regulation O.C. 1172, dated June 15, 1965, as amended by O.C. 236, dated Feb. 15, 1966).

<sup>78</sup> Communication from the chief returning-officer dated June 1, 1966.

<sup>79</sup> *Montreal Star*, March 24, 1966, p. 70.

TABLE 8  
ESTIMATED CASH COST TO THE TREASURY

	\$
Reimbursement (maximum).....	1,992,383.50
Provision of Voters' Lists.....	627,000.00
Payment of Poll Representatives.....	1,057,984.00
Total.....	3,677,367.50

On the whole the 1966 campaign does not seem to have been characterized by large spending by parties and candidates. A comment made by an editorial writer in the *Montreal Star*<sup>80</sup> sums up its financial aspect most succinctly.

If the provincial general election seems quiet, almost lack-lustre, political style or lack of issues is certainly not the reason. There is plenty of both. What has dulled the colour and dampened the fireworks is the new election act which is having its first large scale try-out and showing every sign of working effectively.

The good old days of wild and reckless spending have gone, at least in most areas . . . .

The act is not perfect. Certain of its provisions seem on the basis of experience so far to be unnecessary [sic] limiting. But for the most part it appears to be doing a good job of reducing the kind of excesses with which we were familiar not so long ago.

<sup>80</sup> *Ibid.*, May 20, 1966, p. 6.





# 8

## PROVINCIAL ELECTION EXPENSE LEGISLATION

A study of the laws governing election expenses in the various provinces is necessary, not only in the interest of completeness, but for the light which such a survey may cast upon the problem of the control of election expenses in Canada generally. In Canada, unlike the United States, the election laws of the provinces and the federal government are separate and distinct although, as discussed below, recent legislation restricting trade union contributions to political parties in British Columbia may have blurred the distinction between the two jurisdictions.

Since Quebec is the subject of a special study, this study will be confined to the other nine provinces. Rather than following a fragmented province-by-province approach, this analysis is organized on a topic-by-topic basis, as follows:

- I. The Doctrine of Agency.
- II. Payment of Election Claims.
- III. Publicity of Candidate Expenses.
- IV. Publicity of Party Expenses.
- V. Limitations on Expenditure.
- VI. Control of Contributions.

Two provinces, New Brunswick and Prince Edward Island, have no sections in their Elections Acts dealing with election expenses as such. But the area of legitimate or lawful expenditure of funds at elections is defined by the limits of the prohibition against corrupt practices. Thus the New Brunswick *Elections Act* has the following proviso to the section covering its list of corrupt practices or bribery:<sup>1</sup>

...provided always that the terms of this section shall not extend or be construed to extend to any money paid or agreed to be paid for or on account of any expenses legally payable and *bona fide* incurred at or concerning any election, and provided that the actual personal expenses of a candidate and his expenses for professional services actually performed and for the fair cost of printing and advertising and for halls or rooms for the holding of meetings shall be held to be expenses legally payable.

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<sup>1</sup> New Brunswick: *Elections Act*, 1952, R.S.N.B. 1952, c. 70, s. 91. All references to a section of the Act hereafter will be referred to in this way, e.g. N.B. s. 1.

The New Brunswick legislation also provides that corrupt practices be punishable by a fine not exceeding \$1,000 and the costs of prosecution, or by imprisonment not exceeding one year, or both.<sup>2</sup>

In Prince Edward Island, *The Election Act* has a section<sup>3</sup> which makes it an offence to induce persons to vote by the offer of money, office, employment, etc. The following section<sup>4</sup> states that this provision does not extend to:

- (a) the personal expenses of a candidate; or
- (b) any food or drink supplied by
  - (i) a political organization at a meeting sponsored by it;
  - (ii) by a person at his place of residence; or
  - (iii) by a person supplying lunches to election officers or agents at a polling station.

Prince Edward Island also provides that offences against the Act are punishable by a fine not exceeding \$2,000, or imprisonment for a term of not more than two years, or both; and if the fine is not paid for a further term of not more than three months.<sup>5</sup>

## I. THE DOCTRINE OF AGENCY

Most provinces follow the federal doctrine of agency. The four Western provinces and Nova Scotia stipulate that no payment on behalf of a candidate, other than for personal expenses, may be made except through the official agent. The Saskatchewan Act now refers to agents as "business managers."<sup>6</sup> The Ontario Act states that any payment over \$50 as well as any payment for other than personal expenses, must be through the official agent.<sup>7</sup> The Prince Edward Island Act states that a candidate may undertake the duties of his agent.<sup>8</sup>

No official agent is required in New Brunswick. Newfoundland allows that a candidate *may* appoint an official agent,<sup>9</sup> but under the legislation there is no necessity for him to do so, since it is also provided that "a candidate may himself undertake the duties which his official agent, if he had appointed one, might have undertaken."<sup>10</sup>

"Personal expenses" are defined in Alberta, Manitoba, Ontario and Saskatchewan as those required for the "reasonable" (or "ordinary," "fair," or "necessary,") rent of halls; travelling and living expenses of candidates and of speakers; hire of conveyances for travel; and conveyances and drivers for the personal use of the candidates on election day.<sup>11</sup> British Columbia and Nova

<sup>2</sup> *Ibid.*, s. 103 (1).

<sup>3</sup> Prince Edward Island: *The Election Act*, 1963, c. 11, s. 144. Hereafter referred to in this way, e.g. P.E.I. s. 1

<sup>4</sup> *Ibid.*, s. 145.

<sup>5</sup> *Ibid.*, s. 155.

<sup>6</sup> Alberta: *The Election Act*, 1956, c. 15, s. 162 (1). British Columbia: *Provincial Elections Act*, R.S.B.C. 1960, c. 306, s. 172. Manitoba: *The Election Act*, R.S.M. 1954, c. 68, s. 167 (1). Nova Scotia: *Elections Act*, 1962, c. 4, s. 162. Saskatchewan: *The Election Act*, R.S.S. 1965, c. 4, s. 48. Hereafter referred to in this way, e.g. Alta. s. 1; B.C. s. 1; Man. s. 1; N.S. s. 1; Sask. s. 1.

<sup>7</sup> Ontario: *The Election Act*, R.S.O. 1960, c. 118, s. 188 (1). Hereafter referred to in this way, e.g. Ont. s. 1.

<sup>8</sup> P.E.I., s. 78 (1).

<sup>9</sup> Newfoundland: *The Election Act*, 1954, No. 79, s. 119 (1). Hereafter referred to in this way, e.g. Nfld. s. 1.

<sup>10</sup> *Ibid.*, s. 119 (2).

<sup>11</sup> Alta. s. 162 (2); Man. s. 167 (2); Ont. s. 188 (2); Sask. s. 204 (2).

Scotia do not define personal expenses. Newfoundland, not requiring an agent, makes no distinction between personal and other election expenses. Alberta, Manitoba, Ontario and Saskatchewan stipulate that the onus for proving that personal expenses are "fair and ordinary" rests with the candidate.<sup>12</sup>

## II. PAYMENT OF ELECTION CLAIMS

Alberta, British Columbia, Manitoba, Newfoundland, Nova Scotia, Ontario and Saskatchewan all provide that claims with respect to elections must be sent to the official agent (in Newfoundland, if no agent is appointed, to the candidate) within a specified period varying from one to two months, or the right of recovery is barred. If the claimant dies, his legal representative must send in the claims within an equivalent period after probate or administration. If the agent dies or becomes incapacitated, all claims must be sent to the candidate. Except in British Columbia or Saskatchewan, late or disputed claims may be paid after the specified time if such payment is approved by a judge. All the provinces with the exception of New Brunswick, Newfoundland and Prince Edward Island specifically prohibit the payment of any claim without the authority of the candidate and/or the approval of the agent. Manitoba provides further that if expenses are paid other than through the agent a \$200 fine and a minimum of six-months' imprisonment may be imposed.<sup>13</sup> Newfoundland specifies that contracts of expenses incurred on account of an election or on behalf of a candidate must be paid within three months after the day of declaration of the election.<sup>14</sup>

Rather than leaving to the section on corrupt practices a definition of what constitutes an unlawful payment, British Columbia defines what constitutes a lawful expense, and thereby categorizes all other expenses as unlawful. The section states that no person may be paid for any purpose relating to the election of candidates except for the following: the personal expenses of candidates; printing and advertising; stationery, postage and telegrams; public meetings; the maintenance of a central committee room and not more than one committee room in each polling division; the transportation of voters to and from polling places within an electoral district; the paying of polling clerks and scrutineers.<sup>15</sup> However, Alberta, Manitoba, Ontario and Saskatchewan provide that contracting with the candidate for or the receipt of ordinary and reasonable charges by the owner of a hall; by the printer of electoral lists at elections or election addresses; or notices of meetings; by the owner of conveyances; and (Manitoba only) by those providing a "reasonable clerical staff", are lawful and will not disqualify the recipient from voting.<sup>16</sup>

There are certain provisions in the provincial election laws which relate to corrupt or illegal practices and which have the effect of limiting election expenses. These provisions are concerned with activities among which, in addition to bribery, etc., are transporting, treating, and providing entertainment for voters. However, the restrictions are not uniform throughout the provinces in that a certain practice may be defined as a corrupt practice in one province and

<sup>12</sup> Alta. s. 162 (3); Man. s. 167 (3); Ont. s. 188 (3); Sask. s. 204 (3).

<sup>13</sup> Alta. secs. 163-164; B.C. secs. 172-173; Man. secs. 169-170; Nfld. s. 119 (4-8); N.S. secs. 160-161; Ont. secs. 189-190; Sask. s. 205.

<sup>14</sup> Nfld. s. 119 (6-7).

<sup>15</sup> B.C. s. 175.

<sup>16</sup> Alta. s. 162 (4); Man. s. 167 (4); Ont. s. 188 (4); Sask. s. 204 (4).



considered lawful in another. For example, in Manitoba, transporting voters to and from the polls is prohibited under section 133 of *The Election Act*, whereas in British Columbia it is allowed as a lawful expenditure under section 175 of the *Provincial Elections Act*.

### III. PUBLICITY OF CANDIDATE EXPENSES

All of the provinces except New Brunswick and Prince Edward Island require a statement of expenses from each candidate, although the form of this varies. Alberta, Manitoba, and Saskatchewan require that a detailed statement of expenses, personal and otherwise, together with the bills and vouchers relating thereto, must be made out and signed by the agent and delivered to the returning officer within two months after the election.<sup>17</sup> Ontario's legislation is similar, but requires in addition that the statement includes all contributions over \$50.<sup>18</sup> Newfoundland requires a statement "verified by affidavit" to be transmitted to the Minister in charge.<sup>19</sup> British Columbia requires the candidate and agent to send to the Chief Electoral Officer, a statement only of "total" election expenses, but this must be accompanied by separate statutory declarations by candidate and agent attesting to the truth of the statement.<sup>20</sup> Nova Scotia provides that if a candidate (or his agent) of "different or opposed political interest" so demands, a detailed statement must be prepared by a candidate or his agent and sent within thirty days to the returning officer.<sup>21</sup>

Alberta, Newfoundland, Nova Scotia, Ontario and Saskatchewan (where applicable) provide that the bills and vouchers be preserved for six months and that electors be allowed to inspect them for a fee of 25 cents (\$1 in Nova Scotia).<sup>22</sup>

Alberta, Manitoba and Saskatchewan require the returning officer to send a copy of each statement to the Chief Electoral Officer (Manitoba and Saskatchewan) or the Clerk of the Executive Council (Alberta).<sup>23</sup> The provincial *Gazettes* must then publish an "abstract" of each statement in Manitoba, and the "total" of each candidate's expenses in Saskatchewan.<sup>24</sup> In Alberta and Ontario there is no central publication, but the returning officer must publish an abstract in a newspaper circulating in the electoral division.<sup>25</sup> These provinces also provide that all those delayed claims which were allowed by a judge shall be advertised within one week by the returning officer at the candidate's expense in the same newspaper in which the other expenses were published.<sup>26</sup>

It may be noted here that a form of *de facto* central publication exists in British Columbia, where the Opposition in the Legislature requests after each provincial election the tabling of the various statements of candidates' and parties'

<sup>17</sup> Alta. s. 165 (1); Man. s. 171 (1); Sask. s. 206 (1).

<sup>18</sup> Ont. s. 191 (1).

<sup>19</sup> Nfld. s. 119 (9).

<sup>20</sup> B.C. s. 174.

<sup>21</sup> N.S. s. 163.

<sup>22</sup> Alta. s. 165 (4); Nfld. s. 119 (10); N.S. s. 163 (2); Ont. s. 192; Sask. s. 206 (5).

<sup>23</sup> Alta. s. 165 (3); Man. s. 171 (2); Sask. s. 206 (2).

<sup>24</sup> Man. s. 171 (2); Sask. s. 206 (6).

<sup>25</sup> Alta. s. 165 (3); Ont. s. 191 (2).

<sup>26</sup> Alta. s. 164 (2); Ont. s. 190 (2).

expenditures before the Legislative Assembly.<sup>27</sup> This is similar to recent procedures in the federal House of Commons. Apparently however, this practice is not followed in Alberta. No publication of any type is required in Nova Scotia, New Brunswick, Newfoundland and Prince Edward Island.

All the provinces with the exception of New Brunswick and Prince Edward Island specify that default in providing a statement will result in punishment. Manitoba, Ontario and Saskatchewan stipulate fines not exceeding \$25 per day and Alberta not less than \$25 per day, for the period in default. Newfoundland provides for a fine of \$10 per day.<sup>28</sup> Nova Scotia refers to default as "an offence" which is punishable under a general provision by a fine not exceeding \$2,000 and/or imprisonment not exceeding two years. If the fine is not paid imprisonment will be imposed for a further term not exceeding 3 months.<sup>29</sup> British Columbia imposes a minimum fine of \$200 with a maximum of \$1000, and in default, imprisonment for 6 months.<sup>30</sup> Alberta further stipulates that if the statement is not furnished, the candidate's deposit will not be returned and the cost of publication of the abstract shall be deducted from the deposit when the return is made.<sup>31</sup> The wilful furnishing of untrue statements may result in a \$400 fine in Alberta, Ontario and Saskatchewan.<sup>32</sup> In Newfoundland and Nova Scotia an untrue statement is indicated as "an offence"<sup>33</sup> which is punishable under the general provision previously noted for Nova Scotia, and, for Newfoundland, by a fine not exceeding \$500 and, in default of payment, imprisonment for a term not exceeding three months, or both fine and imprisonment.<sup>34</sup>

#### IV. PUBLICITY OF PARTY EXPENSES

Manitoba sets limitations on the scope and allocation of party spending.<sup>35</sup> British Columbia compels reporting by parties as well as candidates, but imposes no controls on party spending.<sup>36</sup>

Some provinces define political parties; one in terms of votes received at the previous election, and two in terms of the expenditure of money. Manitoba defines a party thus: "an affiliation of electors comprised in a political organization whose candidates received, in the aggregate, at the last preceding general election at least five per centum of all the votes polled thereat";<sup>37</sup> British Columbia: "an affiliation of electors comprised in a political organization which has expended money on the support of any candidate in the election"; Saskatchewan has almost the same wording.<sup>38</sup> Other provinces only define political organizations in terms of "sponsoring" candidates.

<sup>27</sup> See *Votes and Proceedings of the Legislative Assembly of British Columbia*, Mar. 20, 1964, pp. 9-10; *British Columbia Journals* 1953, 2nd. Session, pp. 64-65; 1957, pp. 146-147; 1961, pp. 202-203.

<sup>28</sup> Alta. s. 165 (5); Man. s. 171 (3); Nfld. s. 119 (11); N.S. s. 164; Ont. s. 191 (3); Sask. s. 206 (3).

<sup>29</sup> N.S. secs. 181-182.

<sup>30</sup> B.C. s. 179.

<sup>31</sup> Alta. s. 165 (2).

<sup>32</sup> Alta. s. 165 (6); Ont. s. 191 (4); Sask. s. 206 (4).

<sup>33</sup> Nfld. s. 119 (12); N.S. s. 164.

<sup>34</sup> Nfld. s. 118 (3); N.S. secs. 181-182.

<sup>35</sup> Man. s. 168, see also *infra* Section V of this study.

<sup>36</sup> B.C. s. 177.

<sup>37</sup> Man. s. 2 (2).

<sup>38</sup> B.C. s. 177 (2); Sask s. 2 (v).

Manitoba's reporting of party expenses is somewhat more extensive than similar reporting in British Columbia. Fifteen days after the final declaration of the polls, the secretary and treasurer of the central committee of a political party must transmit to the Chief Electoral Officer a detailed statement of all contributions to the party fund, with names and addresses of contributors and amounts contributed, all election expenses, and all disputed and unpaid claims of which the secretary or treasurer is aware. The statement is to be accompanied by all the bills and receipts and by a statutory declaration from both the secretary and the treasurer, verifying its correctness. An official who fails to comply with this section is guilty of an offence, punishable by a fine of \$200, and six-months' imprisonment in default of payment.<sup>39</sup>

British Columbia stipulates that within sixty days after polling day, the secretary and treasurer of the central committee of every political party must transmit to the Chief Electoral Officer a detailed statement of all electoral expenses, and all disputed and unpaid claims of which the secretary or treasurer is aware.<sup>40</sup> Unlike Manitoba, British Columbia requires no details of contributions, no production of bills and vouchers, and no accompanying statutory declaration attesting to the validity of the statement. Neither province has any provision for publication of these party declarations, nor are electors allowed to inspect them. However, the form of *de facto* central publicity in British Columbia, mentioned previously, also extends to the party statements.<sup>41</sup>

## V. LIMITATIONS ON EXPENDITURE

All provinces limit the *forms* of expenditure possible on behalf of candidates and parties through the prohibition of certain types of expenditure as "corrupt practices;" British Columbia positively enumerates what constitute lawful expenses, and prohibits all others. Only Manitoba attempts to limit the *amount* of money which may be legitimately expended for the purposes of election. Manitoba's statutory limitation is of relatively narrow scope, as it refers only to parties, and not to candidates. In that province the total expenses incurred by the central committee of any party, or by an officer or member of the committee, in connection with a general election to the Legislative Assembly, may not exceed \$25,000. Moreover, the law enumerates the legitimate allocation of party funds; for maintaining a central office, holding public meetings, broadcasting, and presenting, publishing, issuing, and distributing election literature.<sup>42</sup>

## VI. CONTROL OF CONTRIBUTIONS

Two provinces require publicity of contributions, Ontario for contributions to candidates above \$50, and Manitoba for contributions to party central committees.<sup>43</sup>

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<sup>39</sup> Man. s. 168 (2, 3).

<sup>40</sup> B.C. s. 177 (1).

<sup>41</sup> See *supra*, footnote 27.

<sup>42</sup> Man. s. 168 (1), as amended by 1961, c. 14, s. 40.

<sup>43</sup> Ont. s. 191 (1); Man. s. 163 (2).



Aside from the regulation or prohibition of political activity by civil servants which is not considered here, only two provinces prohibit contributions for political purposes from certain sources. Manitoba prohibits contributions from any company or association "having gain for its corporate object." Soliciting for such contributions is also illegal.<sup>44</sup> The proviso about "gain" would seem to release trade-unions and non-profit associations from the prohibition. British Columbia, on the other hand, has recently enacted legislation aimed specifically at trade unions, and this legislation is important enough to warrant a close look.

### A. *Special Application in British Columbia*

British Columbia affords one of the rare samples of a provincial law governing election expenses which is certainly effective and clearly controversial. The *Labour Relations Act* as amended in 1961 (and known as "Bill 42") prohibits the use for political purposes of a union's power to raise money *through check-off* or as a condition of membership. The law allegedly strikes hard at the Official Opposition, the New Democratic Party, which has been the principal beneficiary of trade union support, but it also involves a number of problems of individual versus collective rights and federal-provincial jurisdictions.

Since the law has been tested in three courts, including the Supreme Court of Canada, ample opportunity has been provided for study of these problems.

The relevant sections of the law in question are as follows:<sup>45</sup>

9 (1)

Every employer shall honour a written assignment of wages to a trade-union certified under this Act, except where the assignment is declared null and void by a judge or is revoked by the assignor.

9 (6)(c)(i)

No trade-union and no person acting on behalf of a trade-union shall directly or indirectly contribute to or expend on behalf of any political party or to or on behalf of any candidate for political office any moneys deducted from an employee's wages under subsection (1) or a collective agreement, or paid as a condition of membership in the trade-union.

9 (6)(c)(ii)

Remuneration of a member of a trade-union for his services in an official union position held by him while seeking election or upon being elected to public office is not a violation of this clause.

9 (6)(d)

Notwithstanding any other provisions of this Act or the provisions of any collective agreement, unless the trade-union delivers to the employer who is in receipt of an assignment under subsection (1) or who is party to a collective agreement, a statutory declaration, made by an officer duly authorized in that behalf, that the trade-union is complying and will continue to comply with clause (c) during the term of the assignment or during the term of the collective agreement, neither the employer nor a person acting on behalf of the employer shall make any deduction whatsoever from the wages of an employee on behalf of the trade-union.

9 (6)(e)

Any moneys deducted from the wages of an employee and paid to a trade-union that does not comply with this subsection are the property of the employee, and the trade-union is liable to the employee for any moneys so deducted.

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<sup>44</sup> Man. s. 131.

<sup>45</sup> B.C. *Labour Relations Act* R.S.B.C. 1960, c. 205, s. 9; as amended by 1961, c. 31, s. 5.



When the Oil, Chemical and Atomic Workers International Union, Local 16-601, refused in 1961 to comply with 9(6)(c) (d), Imperial Oil Limited, acting in accordance with the same section, refused to allow a check-off on its wages. The unions took the case to the Supreme Court of British Columbia. The Company did not attempt to present a strong case in favour of the law but merely stated that it awaited the decision of the Court. The Attorney-General of British Columbia intervened and strongly defended the constitutionality of the law. The Court decided that the law was a valid exercise of provincial jurisdiction in the field of property and civil rights; that unions were not now prohibited from voluntary political action but that prior to the Act, the individual freedom of the union-member had been infringed by the check-off system; that the law was not directed against any particular political party; and that the law did not apply to federal elections or to the political activity of parent unions.<sup>46</sup>

The case was appealed to the British Columbia Court of Appeal where the original decision was upheld. The intention of the law, the Court maintained, was "to assure to every individual the right to refrain from supporting, without fear of discrimination, any political party; the other is to prevent moneys collected by check-off and as a condition of membership being diverted from the support of normal union activity in the field of labour relations to the more remote field of political activity." (per Davey, J. A.) The Court also reached the conclusion that the Act implied no attempt to hinder any particular political party.<sup>47</sup>

The case was finally brought to the Supreme Court of Canada.<sup>48</sup> Here the appeal was again dismissed, although this time by a narrow 4:3 decision. The majority (Taschereau, Fauteux, Martland and Ritchie, JJ.) upheld the judgment of the provincial Courts that the sections of the Act were a valid exercise of provincial jurisdiction over property and civil rights, and also agreed that no money should be taken from an individual to be expended on a political object which he does not support.

Mr. Justice Martland for the majority also pointed out that the Legislature had conferred upon trade unions the power to make agreements which compel union membership and that the same Legislature may therefore protect an individual's civil rights. The minority (Cartwright, Abbott and Judson, JJ.) maintained that the sections of the Act concerned political and constitutional rights and were therefore federal matters, and that the law would apply not only to provincial but to federal elections and that the law is, therefore, *ultra vires*.

According to one study of the 1962 federal election in British Columbia, "There was no question about the effect this legislation had on the conduct of the campaign. The New Democrats were limited by a shortage of funds."<sup>49</sup> An *ad hoc* series of arrangements was concluded between the party, the British Columbia Federation of Labour, and the various unions. "But party officials all agreed that these arrangements were not effective enough to offset the damage done by Bill 42."<sup>50</sup>

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<sup>46</sup> *Oil, Chemical and Atomic Workers International Union, Local No. 16-601 v. Imperial Oil Ltd.*, 30 D.L.R. (2d) (1962), p. 667; 36 WWR (1961-62) p. 385.

<sup>47</sup> 38 W.W.R. (1962), 533 at p. 537; 33 D.L.R. (1962), 732 at p. 735.

<sup>48</sup> [1963] S.C.R. 584.

<sup>49</sup> Young, Walter D. "The NDP: British Columbia's Labour Party," in John Meisel, ed., *Papers on the 1962 Election*, Toronto, University of Toronto Press, 1964, p. 185.

<sup>50</sup> *Ibid.*, p. 185.

It is not clear from the Court decisions whether union locals in British Columbia are prohibited from contributing to *parent unions* check-off funds which will then go into contributions to the national New Democratic Party. But the fact that unions are prohibited from contributing directly to political parties in federal elections is of some considerable significance for the future of legislation in this field in Canada. While constitutional law is beyond the scope of this study, it is in order to note another judicial decision which could have some bearing on the British Columbia legislation. In the case of *McKay et al. v. The Queen*, the Supreme Court of Canada ruled that a local by-law against advertising could not restrict the showing of election posters during the period of a federal election. The municipal corporation, a creature of the provincial legislature, could not restrict the conduct of a federal election. By a 5:4 decision the Court<sup>51</sup> ruled that:

The legislature has no power to enact [such] a prohibition . . . as [it] . . . would be a law in relation to proceedings at a federal election and not in relation to any subject-matter within the provincial power . . . . The subject matter of elections to Parliament appears . . . to be from its very nature one which cannot be regarded as coming within any of the classes of subjects assigned to the legislatures of the provinces by section 92 [of the British North America Act.]

This remains a problem which will have to be resolved by federal legislation clarifying the right of any organization to contribute to federal election campaigns or by future judicial decision.

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<sup>51</sup> *McKay, et al. v. The Queen* [1965] S.C.R. 798 at p. 806; 53 D.L.R. (2d) (1966), 533, at pp. 538-539—appeals from *Regina v. McKay and McKay* 38 D.L.R. (2d) (1963), p. 668 and 43 D.L.R. (2d) (1964), p. 401.



# 9

## NEWSPAPER ADVERTISING EXPENDITURES AND LINEAGE OF THE 1965 AND 1963 FEDERAL ELECTIONS

Excerpts from a Report Prepared for the Committee by  
McDonald Research Limited, Toronto.

### I. INTRODUCTION

#### *A. Purposes of the Research*

This study was undertaken to give firm and accurate data on the lineage and costs for all print advertising placed by political sponsors during the 1965 federal election campaign (September 8 to November 8, 1965). This included a measurement of political advertisements found in daily newspapers, in weekly, semi-weekly and bi-weekly newspapers, consumer magazines and farm publications placed by National and Provincial Parties and Party Associations, as well as by local candidates and local Party Associations in each of the 263 constituencies across the country.

#### *B. Context of the Research*

Present day communications via the radio, television and print media play an increasingly important role in reaching and influencing the voter. Consequently, these media represent vast amounts of dollar expenditures during a political campaign. Because we have gone well beyond the "town-hall meeting" type of democracy, and because of the vast distances and territory this nation occupies, instantaneous mass communications media are the most effective and the least expensive means of reaching large numbers of people.

It was possible to do a precise measurement by gathering together all publications printed in Canada which reach Canadian homes. Never before in Canada was such information available. This study, which may serve as a bench-mark for other studies in future election campaigns, shows what it costs to reach the voter by way of the printed page. The information is of practical use to the politician as well as the student of politics. Technical journals and certain trade publications were not measured for two reasons. They contain virtually no paid political advertisements, and they are not intended for home consumption.



However, every other publication printed in Canada that could possibly be found in a Canadian home was measured. The total represents a reaching of practically every voter in the nation who is able to read.

Complete files are not readily available today for every newspaper and magazine published during the 1963 federal election campaign. Once, however, a census bench-mark has been established, it is possible to sample from within the whole and make certain projections. Part II of this study deals in detail with the sample method used, its limitations, and the valid projections that were possible for print information in the 1963 election.

### *C. Method of Carrying out the Research*

This was the first time in Canadian political history that election expenditures were checked in any media; there is no prior research to use as a guide. Therefore it was decided that it was necessary to produce a report based totally on a census (rather than a sample of all publications) starting with the day the election was called and ending on election day. It is during this period of time that political parties place the majority of their print advertising. It was further decided that we would divide all publications into three categories: 1) daily newspapers 2) weekly, bi-weekly, semi-weekly newspapers 3) consumer and farm magazines and publications (English and French editions).

Ethnic and foreign language publications were assigned to one of the three major categories according to their frequency of publication and whether they were a magazine or a newspaper. Weekend supplements and any other inserts were considered to be part of the newspaper in which they were placed, and were checked for political advertising content. In point of fact, the supplements carried virtually no paid political advertisements. Once the method of taking a census of publications was established, the next step was to subscribe to each one for the desired time. Using the listings of publications found in *Canadian Advertising*<sup>1</sup> as the authority, each newspaper, consumer magazine and farm publication in Canada was contacted and subscriptions were arranged. In all there are 108 dailies, 749 weekly, semi-weekly and bi-weekly papers and 66 consumer magazines and farm publications. Space was set aside at McDonald Research Limited and extra staff hired and trained to process the flow of publications.

Each newspaper and magazine was checked in, and a record kept of the issue (to ensure that shipping departments had not omitted sending certain issues), and then assigned to one of the three categories. Each category was then subdivided into the 10 provinces and "other" which included Yukon and North-west Territories. In some instances newspapers had to be recontacted for missing issues, but there were only 4 of the 857 which were not able to supply all the issues required. There were a few of the small papers that were ostensibly dailies despite the fact that they did not publish one day during the week other than Sunday.

Every effort was made to be sure that the collection of publications was as complete as possible. Even though we did not expect certain papers (e.g., *Daily Racing Form*) to contain political advertisements, each one was checked. The

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<sup>1</sup> *Canadian Advertising*, published and printed by Maclean-Hunter Publishing Company Limited, Toronto, Ontario, (March-April 1965, vol. 38, no. 2; July-August 1963, vol. 38, no. 2).

gamut ran from the large urban dailies of Montreal, Toronto and Vancouver to the *Nakusp-Arrow Lake News*; from the *Whitehorse Star* to the *100 Mile House Herald*; from the *Canadian Churchman* to the *Western Pulp & Paper Worker*.

In the tables that follow in the statistical section of this study, not all publications checked will be found in the lists. For example, publications such as the *Malta News*, *Western Producer*, *Hamilton Pioneer* or *La Famiglia Christiana* did not carry any paid political advertisements, and for the sake of brevity were not listed in the tables. Nevertheless these and other publications were thoroughly checked.

When it was determined that all the required publications were on hand, rules and regulations had to be drawn up and staff trained to process the tons of newsprint.

#### D. *Measuring the Publications*

In order to standardize the entire procedure, certain rules were drawn up and each person connected with the study was given oral and visual instruction before proceeding to the work.

1. Advertisements were assigned to one of five categories of sponsor. Three of these were directly paid political advertising and the other two were advertising of an indirect political nature.

##### *Direct Paid Political Advertising*

- (a) National Political Party or Party Association
- (b) Provincial Political Party or Party Association
- (c) Local Constituency Candidate or Local Constituency Party Association

##### *Indirect Advertising During Federal Election Campaign*

- (a) Government sponsored advertising (at either the Federal or Provincial level) placed during the time of the election campaign. For example, here was included pension plan advertising, placed by Department of National Health and Welfare, Department of National Defence advertising, National Employment Service, Department of Tourism, and so on.
- (b) All other indirect advertising which in practice boiled down to radio and television stations announcing special programs dealing with some phase of the election campaign, and book publishers advertising books and pamphlets dealing with political topics or profiles of politicians.

Although the scope of this study did not include any report on advertising indirectly associated with the election, McDonald Research Limited gathered this information and placed it in its own archives.

2. The cost assigned to each advertisement was based on the standard flat or transient black and white rate for each publication as set out in the November-December 1965 issue of *Canadian Advertising*. It was impossible to check to see if, in point of fact, candidates or parties were charged either more or less than the official rate. Questions of discounts via advertising agencies, overcharging, special rates, etc., are beyond the scope of this study.
3. The publications checked were based on lists provided in *Canadian Advertising* as follows:
  - (a) daily newspapers (French and English)

- (b) weekend and supplements (assigned to the paper in which they appeared)
  - (c) weekly newspapers, bi-weekly newspapers, semi-weekly newspapers (French and English)
  - (d) foreign language publications (papers and magazines)
  - (e) consumer magazines (French and English)
  - (f) farm publications (French and English).
4. Rulers marked off in agate lines were used to measure each advertisement. Information was transferred to a recording form containing the following information:
- (a) date of advertisement
  - (b) newspaper
  - (c) city
  - (d) number of agate lines and number of columns
  - (e) national rate
  - (f) total number of lines of advertisement
  - (g) total cost of advertisement
  - (h) sponsor of advertisement.

In the case of local advertisements, two additional pieces of information were recorded: the constituency involved and the name of the candidate.

5. Inasmuch as this work can only be as accurate as the individual checking the publication, it was necessary to set up a series of control checks to ensure the quality of the work. In the beginning every second paper or magazine was double checked by another person. It eventually became possible to reduce this to a one-in-five quality control. It was decided that any ads that were difficult to "sponsor identify" would be given to the senior project director in charge of the study for decision. Examples of all types of ads were collected on large paste-up boards for staff reference. All calculations (from lines to dollars) and additions were also double checked for accuracy.

### *E. Preparation of the Report*

Full time staff supervisors of McDonald Research Limited, working under the direction of a senior project director, were responsible for the gathering of raw data into tabular format. Because of the volume of printed matter handled, there is the possibility that some advertisements, particularly very small ads, were missed. Therefore, it would be reasonable to say that lines and costs reported in this study represent minimum expenditures for the 1965 federal election campaign print advertising.

### *F. Some Highlights of 1965 Print Expenditures*

*Table 1*—Daily newspapers accounted for almost two and one half times the dollar expenditures of weeklies and magazines combined, despite the fact that they accounted for less lineage (3.4 million lines vs. 3.9 million).

*Table 2*—All parties except the Progressive Conservative carried more lineage in weekly than in daily newspapers; however, the greater proportion of dollar expenditures among all parties could reflect stronger positive feeling toward dailies as an influencing medium of communication.

*Table 3*—The major part of the print media spending was at the local level, with Provincial Party Associations accounting for the least expenditures.

*Table 4*—Table 4 is an extension of Table 3, breaking down the information by political party. Here again we see the same pattern emerging (i.e., local expenditures high); in Tables 5 through 15 the same information is further broken down province by province. In these tables emerge more clearly the strength and support of various Provincial Associations and the varying degrees of activity at the local level. For example in Nova Scotia, daily newspaper advertising under the auspices of the Provincial Progressive Conservative organization far outstripped daily newspaper print expenditures of the Progressive Conservative National Association (\$13,885 vs. \$5,033). See Table 7.

Again in Quebec dailies, the National Liberal Association spent more than three times the amount spent by the Provincial Association and local Candidates combined. See Table 9.

Provincial Associations of Liberal and Social Credit gave strong support in British Columbia dailies. See Table 14.

The far reaching effect of newspaper advertising is seen in Table 15, which shows that over 42,000 lines of newsprint were devoted to paid political advertising in the weekly newspapers of the Northwest Territories and the Yukon.



## II. NEWSPAPER ADVERTISING EXPENDITURES AND LINEAGE OF THE 1965 FEDERAL ELECTION

TABLE 1\*  
TOTAL PRINT MEDIA ELECTION EXPENDITURES AND LINEAGE  
September 8—November 8, 1965  
By Province

	Daily Newspapers			Weekly Newspapers			Magazines, Trade and Other Publications			Provincial Total in Dollars
	No. of Papers	\$	No. of Lines	No. of Papers	\$	No. of Lines	Number	\$	No. of Lines	
Newfoundland.....	3	4,253	36,730	4	397	4,055	—	—	—	4,650
Prince Edward Island.....	2	13,062	108,540	—	—	—	—	—	—	13,062
Nova Scotia.....	5	65,802	285,522	19	19,689	237,811	—	—	—	85,491
New Brunswick.....	5	32,964	183,421	15	9,734	132,107	—	—	—	42,698
Quebec.....	14	68,647	180,412	127	87,166	685,660	1	1,651	870	157,464
Ontario.....	46	338,940	1,649,878	218	83,918	1,175,364	—	—	—	422,858
Manitoba.....	7	31,147	135,765	65	24,018	265,581	1	104	424	55,269
Saskatchewan.....	4	23,034	135,200	76	23,791	323,990	—	—	—	46,825
Alberta.....	7	57,782	239,380	72	34,937	460,657	3	845	4,845	93,564
British Columbia.....	15	208,096	440,225	85	54,219	551,295	4	891	3,625	263,206
Yukon and Northwest Territories.....	—	—	—	3	2,788	42,300	—	—	—	2,788
Canada Total.....	108	843,727	3,395,073	684	340,657	3,878,820	9	3,491	9,764	1,187,875
								Canada Wide Total		

\*Information concerning number of papers was added by Committee staff, compiled from McDonald Research Limited Tables.

TABLE 2

## TOTAL PRINT MEDIA ELECTION EXPENDITURES AND LINEAGE

September 8—November 8, 1965

By Political Party\*

	Daily Newspapers		Weekly Newspapers		Magazines, Trade and other Publications		Party Totals in Dollars
	\$	No. of Lines	\$	No. of Lines	\$	No. of Lines	
Liberal.....	330,710	1,288,648	157,475	1,715,495	1,456	3,541	489,641
Progressive Conservative.....	344,172	1,521,613	104,410	1,265,868	796	746	449,378
New Democratic Party.....	108,417	390,907	37,656	437,180	216	1,476	146,289
Social Credit.....	52,817	164,190	33,435	384,357	863	3,891	87,115
Créditiste.....	258	665	2,181	17,315	—	—	2,439
Independent and Others.....	7,353	29,050	5,500	58,605	160	110	13,013
Totals.....	843,727	3,395,073	340,657	3,878,820	3,491	9,764	
					Canada Wide Total.....		1,187,875
					(All Parties)		

\* Includes all expenditures, i.e., National, Provincial and Local Associations and Candidates.

TABLE 3

## TOTAL PRINT MEDIA ELECTION EXPENDITURES AND LINEAGE

September 8—November 8, 1965

By Type of Sponsor

Sponsor of Advertising	Daily Newspapers		Weekly Newspapers		Magazines, Trade and other Publications	
	\$	No. of Lines	\$	No. of Lines	\$	No. of Lines
National Party Association.....	285,964	872,978	55,254	504,567	1,811	1,870
Provincial Party Association.....	116,364	331,415	30,557	291,185	104	424
Local Constituency Candidates or Local Constituency Association	441,399	2,190,680	254,846	3,083,068	1,576	7,470

TABLE 4  
TOTAL PRINT MEDIA ELECTION EXPENDITURES AND LINEAGE  
September 8—November 8, 1965  
By Type of Sponsor and Party Affiliation

	Daily Newspapers		Weekly Newspapers		Magazines, Trade and other Publications	
	\$	No. of Lines	\$	No. of Lines	\$	No. of Lines
National Liberal Association....	104,146	256,635	36,675	296,805	916	450
National P.C. Association.....	132,357	478,450	6,205	50,442	735	420
National N.D.P. Association....	46,779	122,773	6,115	81,215	—	—
National S.C. Association.....	1,532	11,690	6,123	73,575	160	1,000
National Cr�ditiste Association	213	555	49	1,245	—	—
Other National Associations....	937	2,875	87	1,285	—	—
Provincial Liberal Association..	43,818	116,380	12,243	109,750	26	106
Provincial P.C. Association.....	25,462	112,740	3,117	18,630	26	106
Provincial N.D.P. Association..	9,225	19,100	1,042	9,935	26	106
Provincial S.C. Association.....	37,199	82,545	13,851	152,575	26	106
Provincial Cr�ditiste Association.....	12	110	—	—	—	—
Other Provincial Associations..	648	540	35	435	—	—
Local Liberal Constituency Candidates.....	182,747	915,633	108,557	1,308,940	514	2,985
Local P.C. Constituency Candidates.....	186,353	930,423	94,819	1,196,936	35	220
Local N.D.P. Constituency Candidates.....	52,413	249,034	30,499	346,030	190	1,590
Local S.C. Constituency Candidates.....	14,086	69,955	13,461	158,207	677	2,785
Local Cr�ditiste Constituency Candidates.....	—	—	2,132	16,070	—	—
Other Local Constituency Candidates.....	5,767	25,635	5,378	56,885	160	110

TABLE 5

## TOTAL PRINT MEDIA ELECTION EXPENDITURES AND LINEAGE

September 8—November 8, 1965

By Type of Sponsor, Party Affiliation and Province

Newfoundland Advertising	Daily Newspapers		Weekly Newspapers		Magazines, Trade and other Publications	
	\$	No. of Lines	\$	No. of Lines	\$	No. of Lines
National Liberal Association.....	—	—	—	—	—	—
National P.C. Association.....	1,257	9,675	195	1,025	—	—
National N.D.P. Association.....	—	—	—	—	—	—
National S.C. Association.....	—	—	—	—	—	—
National Cr�ditiste Association....	—	—	—	—	—	—
Other National Associations.....	—	—	—	—	—	—
Provincial Liberal Association.....	468	3,890	159	2,380	—	—
Provincial P.C. Association.....	212	2,360	—	—	—	—
Provincial N.D.P. Association.....	—	—	—	—	—	—
Provincial S.C. Association.....	—	—	—	—	—	—
Provincial Cr�ditiste Association.....	—	—	—	—	—	—
Other Provincial Associations.....	—	—	—	—	—	—
Local Liberal Constituency Candidates.....	1,730	16,210	29	450	—	—
Local P.C. Constituency Candidates.....	571	4,485	—	—	—	—
Local N.D.P. Constituency Candidates.....	15	110	—	—	—	—
Local S.C. Constituency Candidates.....	—	—	14	200	—	—
Local Cr�ditiste Constituency Candidates.....	—	—	—	—	—	—
Other local Constituency Candidates.....	—	—	—	—	—	—



TABLE 6  
TOTAL PRINT MEDIA ELECTION EXPENDITURES AND LINEAGE  
September 8—November 8, 1965  
By Type of Sponsor, Party Affiliation and Province

Prince Edward Island Advertising	Daily Newspapers		Weekly Newspapers		Magazines, Trade and other Publications	
	No. of		No. of		No. of	
	\$	Lines	\$	Lines	\$	Lines
National Liberal Association.....	—	—	—	—	—	—
National P.C. Association.....	1,238	9,495	—	—	—	—
National N.D.P. Association.....	—	—	—	—	—	—
National S.C. Association.....	—	—	—	—	—	—
National Cr�ditiste Association....	—	—	—	—	—	—
Other National Associations.....	—	—	—	—	—	—
Provincial Liberal Association.....	1,798	15,365	—	—	—	—
Provincial P.C. Association.....	2,266	17,415	—	—	—	—
Provincial N.D.P. Association.....	1,140	—	—	—	—	—
Provincial S.C. Association.....	—	—	—	—	—	—
Provincial Cr�ditiste Association	—	—	—	—	—	—
Other Provincial Associations.....	—	—	—	—	—	—
Local Liberal Constituency						
Candidates.....	3,625	33,620	—	—	—	—
Local P.C. Constituency						
Candidates.....	3,841	31,745	—	—	—	—
Local N.D.P. Constituency						
Candidates.....	90	900	—	—	—	—
Local S.C. Constituency						
Candidates.....	—	—	—	—	—	—
Local Cr�ditiste Constituency						
Candidates.....	—	—	—	—	—	—
Other Local Constituency						
Candidates.....	—	—	—	—	—	—

TABLE 7

## TOTAL PRINT MEDIA ELECTION EXPENDITURES AND LINEAGE

September 8—November 8, 1965

By Type of Sponsor, Party Affiliation and Province

Nova Scotia Advertising	Daily Newspapers		Weekly Newspapers		Magazines, Trade and other Publications	
	\$	No. of Lines	\$	No. of Lines	\$	No. of Lines
National Liberal Association.....	4,161	11,250	1,593	17,000	—	—
National P.C. Association.....	5,033	17,480	269	4,065	—	—
National N.D.P. Association.....	1,127	3,110	—	—	—	—
National S.C. Association.....	—	—	—	—	—	—
National Créditiste Association.....	—	—	—	—	—	—
Other National Associations.....	—	—	—	—	—	—
Provincial Liberal Association.....	6,033	24,435	2,736	27,370	—	—
Provincial P.C. Association.....	13,885	50,735	204	1,200	—	—
Provincial N.D.P. Association.....	1,039	5,275	16	400	—	—
Provincial S.C. Association.....	—	—	—	—	—	—
Provincial Créditiste Association.....	—	—	—	—	—	—
Other Provincial Associations.....	—	—	35	435	—	—
Local Liberal Constituency						
Candidates.....	9,068	58,332	6,342	85,430	—	—
Local P.C. Constituency						
Candidates.....	21,149	90,455	6,313	86,806	—	—
Local N.D.P. Constituency						
Candidates.....	4,182	22,665	2,172	15,105	—	—
Local S.C. Constituency						
Candidates.....	—	—	—	—	—	—
Local Créditiste Constituency						
Candidates.....	—	—	—	—	—	—
Other Local Constituency						
Candidates.....	125	1,785	—	—	—	—

TABLE 8  
TOTAL PRINT MEDIA ELECTION EXPENDITURES AND LINEAGE  
September 8—November 8, 1965  
By Type of Sponsor, Party Affiliation and Province

New Brunswick Advertising	Daily Newspapers		Weekly Newspapers		Magazines, Trade and other Publications	
	\$	No. of Lines	\$	No. of Lines	\$	No. of Lines
National Liberal Association.....	304	1,750	—	—	—	—
National P.C. Association.....	4,724	20,750	—	—	—	—
National N.D.P. Association.....	—	—	—	—	—	—
National S.C. Association.....	—	—	—	—	—	—
National Cr�ditiste Association....	—	—	—	—	—	—
Other National Associations.....	—	—	—	—	—	—
Provincial Liberal Association.....	3,306	23,660	2,085	29,360	—	—
Provincial P.C. Association.....	1,554	10,570	—	—	—	—
Provincial N.D.P. Association.....	117	365	—	—	—	—
Provincial S.C. Association.....	—	—	26	525	—	—
Provincial Cr�ditiste Association..	—	—	—	—	—	—
Other Provincial Associations.....	—	—	—	—	—	—
Local Liberal Constituency Candi- dates.....	13,834	71,901	4,381	60,570	—	—
Local P.C. Constituency Candi- dates.....	8,379	50,610	2,999	37,620	—	—
Local N.D.P. Constituency Candi- dates.....	746	3,815	169	2,950	—	—
Local S.C. Constituency Candi- dates.....	—	—	74	1,080	—	—
Local Cr�ditiste Constituency Candidates.....	—	—	—	—	—	—
Other Local Constituency Candi- dates.....	—	—	—	—	—	—

TABLE 9

## TOTAL PRINT MEDIA ELECTION EXPENDITURES AND LINEAGE

September 8—November 8, 1965

By Type of Sponsor, Party Affiliation and Province

Quebec Advertising	Daily Newspapers		Weekly Newspapers		Magazines, Trade and other Publications	
	\$	No. of Lines	\$	No. of Lines	\$	No. of Lines
National Liberal Association.....	34,903	92,540	30,176	209,230	916	450
National P.C. Association.....	13,418	34,090	5,601	40,747	735	420
National N.D.P. Association.....	270	1,400	295	2,065	—	—
National S.C. Association.....	—	—	—	—	—	—
National Créditiste Association....	213	555	49	1,245	—	—
Other National Associations.....	250	500	—	—	—	—
Provincial Liberal Association.....	577	2,330	361	6,160	—	—
Provincial P.C. Association.....	197	370	6	300	—	—
Provincial N.D.P. Association.....	376	605	6	300	—	—
Provincial S.C. Association.....	—	—	—	—	—	—
Provincial Créditiste Association..	12	110	—	—	—	—
Other Provincial Associations.....	—	—	—	—	—	—
Local Liberal Constituency Candidates.....	10,687	27,695	24,191	195,765	—	—
Local P.C. Constituency Candidates.....	5,569	15,367	14,521	123,275	—	—
Local N.D.P. Constituency Candidates.....	1,507	3,140	5,408	41,210	—	—
Local S.C. Constituency Candidates.....	—	—	—	—	—	—
Local Créditiste Constituency Candidates.....	—	—	2,132	16,070	—	—
Other Local Constituency Candidates.....	635	1,710	4,420	49,295	—	—



TABLE 10  
TOTAL PRINT MEDIA ELECTION EXPENDITURES AND LINEAGE  
September 8—November 8, 1965  
By Type of Sponsor, Party Affiliation and Province

Ontario Advertising	Daily Newspapers		Weekly Newspapers		Magazines, Trade and other Publications	
	\$	No. of Lines	\$	No. of Lines	\$	No. of Lines
National Liberal Association.....	30,141	83,335	1,973	47,390	—	—
National P.C. Association.....	57,968	231,660	61	975	—	—
National N.D.P. Association.....	22,476	66,768	142	2,465	—	—
National S.C. Association.....	174	2,845	193	2,565	—	—
National Créditiste Association....	—	—	—	—	—	—
Other National Associations.....	557	1,725	39	560	—	—
Provincial Liberal Association.....	1,002	6,450	—	—	—	—
Provincial P.C. Association.....	4,563	19,570	—	—	—	—
Provincial N.D.P. Association.....	115	200	28	135	—	—
Provincial S.C. Association.....	—	—	—	—	—	—
Provincial Créditiste Association..	—	—	—	—	—	—
Other Provincial Associations.....	—	—	—	—	—	—
Local Liberal Constituency Candidates.....	85,710	494,650	37,217	511,400	—	—
Local P.C. Constituency Candidates.....	104,234	556,506	36,259	511,885	—	—
Local N.D.P. Constituency Candidates.....	26,987	158,469	6,880	84,579	—	—
Local S.C. Constituency Candidates.....	1,621	9,195	664	9,870	—	—
Local Créditiste Constituency Candidates.....	—	—	—	—	—	—
Other Local Constituency Candidates.....	3,932	18,505	462	3,540	—	—

TABLE 11

## TOTAL PRINT MEDIA ELECTION EXPENDITURES AND LINEAGE

September 8—November 8, 1965

By Type of Sponsor, Party Affiliation and Province

Manitoba Advertising	Daily Newspapers		Weekly Newspapers		Magazines, Trade and other Publications	
	\$	No. of Lines	\$	No. of Lines	\$	No. of Lines
National Liberal Association.....	4,888	13,790	1,720	11,780	—	—
National P.C. Association.....	6,266	25,125	37	290	—	—
National N.D.P. Association.....	1,691	4,530	220	550	—	—
National S. C. Association.....	—	—	31	410	—	—
National Créditiste Association....	—	—	—	—	—	—
Other National Associations.....	—	—	—	—	—	—
Provincial Liberal Association.....	2,491	7,620	2,903	7,480	26	106
Provincial P.C. Association.....	392	1,225	—	—	26	106
Provincial N.D.P. Association.....	1,481	3,725	—	—	26	106
Provincial S.C. Association.....	—	—	—	—	26	106
Provincial Créditiste Association..	—	—	—	—	—	—
Other Provincial Associations.....	—	—	—	—	—	—
Local Liberal Constituency Candidates.....	5,793	36,030	7,815	96,265	—	—
Local P.C. Constituency Candidates.....	5,617	31,355	8,226	100,360	—	—
Local N.D.P. Constituency Candidates.....	2,241	9,585	2,001	31,871	—	—
Local S.C. Constituency Candidates.....	287	2,780	1,065	16,575	—	—
Local Créditiste Constituency Candidates.....	—	—	—	—	—	—
Other Local Constituency Candidates.....	—	—	—	—	—	—

TABLE 12  
TOTAL PRINT MEDIA ELECTION EXPENDITURES AND LINEAGE  
September 8—November 8, 1965  
By Type of Sponsor, Party Affiliation and Province

Saskatchewan Advertising	Daily Newspapers		Weekly Newspapers		Magazines, Trade and other Publications	
	\$	No. of Lines	\$	No. of Lines	\$	No. of Lines
National Liberal Association.....	1,183	6,755	203	3,260	—	—
National P.C. Association.....	3,787	23,930	5	700	—	—
National N.D.P. Association.....	4,120	21,175	4,630	65,955	—	—
National S.C. Association.....	34	280	—	—	—	—
National Cr�ditiste Association....	—	—	—	—	—	—
Other National Associations.....	130	650	—	—	—	—
Provincial Liberal Association.....	—	—	62	915	—	—
Provincial P.C. Association.....	1,024	5,225	1,404	1,380	—	—
Provincial N.D.P. Association.....	11	100	—	—	—	—
Provincial S.C. Association.....	—	—	151	2,015	—	—
Provincial Cr�ditiste Association..	—	—	—	—	—	—
Other Provincial Associations.....	—	—	—	—	—	—
Local Liberal Constituency Candidates.....	5,125	29,995	6,230	91,500	—	—
Local P.C. Constituency Candidates.....	5,018	31,570	5,782	89,605	—	—
Local N.D.P. Constituency Candidates.....	1,980	12,525	4,878	62,900	—	—
Local S.C. Constituency Candidates.....	468	2,225	446	5,760	—	—
Local Cr�ditiste Constituency Candidates.....	—	—	—	—	—	—
Other Local Constituency Candidates.....	154	770	—	—	—	—

TABLE 13

## TOTAL PRINT MEDIA ELECTION EXPENDITURES AND LINEAGE

September 8—November 8, 1965

By Type of Sponsor, Party Affiliation and Province

Alberta Advertising	Daily Newspapers		Weekly Newspapers		Magazines, Trade and other Publications	
	\$	No. of Lines	\$	No. of Lines	\$	No. of Lines
National Liberal Association.....	3,768	15,055	562	4,720	—	—
National P.C. Association.....	9,623	43,650	—	—	—	—
National N.D.P. Association.....	670	1,855	—	—	—	—
National S.C. Association.....	479	2,830	943	10,195	—	—
National Créditiste Association....	—	—	—	—	—	—
Other National Associations.....	—	—	—	—	—	—
Provincial Liberal Association.....	1,268	6,770	1,289	18,655	—	—
Provincial P.C. Association.....	938	2,505	208	2,580	—	—
Provincial N.D.P. Association.....	—	—	—	—	—	—
Provincial S.C. Association.....	8,467	30,620	4,439	62,905	—	—
Provincial Créditiste Association..	—	—	—	—	—	—
Other Provincial Associations.....	—	—	—	—	—	—
Local Liberal Constituency Candidates.....	13,701	55,665	9,040	121,175	325	2,100
Local P.C. Constituency Candidates.....	12,922	49,650	11,420	145,800	—	—
Local N.D.P. Constituency Candidates.....	1,817	10,300	3,349	45,095	65	350
Local S.C. Constituency Candidates.....	4,020	20,480	3,687	49,532	455	2,395
Local Créditiste Constituency Candidates.....	—	—	—	—	—	—
Other Local Constituency Candidates.....	—	—	—	—	—	—



TABLE 14  
TOTAL PRINT MEDIA ELECTION EXPENDITURES AND LINEAGE  
September 8—November 8, 1965  
By Type of Sponsor, Party Affiliation and Province

British Columbia Advertising	Daily Newspapers		Weekly Newspapers		Magazines, Trade and other Publications	
	\$	No. of Lines	\$	No. of Lines	\$	No. of Lines
National Liberal Association.....	24,798	32,160	364	1,765	—	—
National P.C. Association.....	29,043	62,595	297	2,640	—	—
National N.D.P. Association.....	16,425	23,935	828	10,180	—	—
National S.C. Association.....	845	5,735	4,956	60,405	160	1,000
National Cr�ditiste Association....	—	—	—	—	—	—
Other National Associations.....	—	—	48	725	—	—
Provincial Liberal Association.....	26,875	25,860	1,466	540	—	—
Provincial P.C. Association.....	431	2,765	529	1,805	—	—
Provincial N.D.P. Association.....	5,772	8,830	992	9,100	—	—
Provincial S.C. Association.....	28,732	51,925	9,235	87,130	—	—
Provincial Cr�ditiste Association..	—	—	—	—	—	—
Other Provincial Associations.....	648	540	—	—	—	—
Local Liberal Constituency Candidates.....	33,474	91,535	12,870	138,595	189	885
Local P.C. Constituency Candidates.....	19,053	68,680	8,985	96,850	35	220
Local N.D.P. Constituency Candidates.....	12,848	27,525	5,642	62,320	164	1,020
Local S.C. Constituency Candidates.....	7,565	35,275	7,511	75,190	62	390
Local Cr�ditiste Constituency Candidates.....	—	—	—	—	—	—
Other Local Constituency Candidates.....	1,587	2,865	496	4,050	160	110

TABLE 15

## TOTAL PRINT MEDIA ELECTION EXPENDITURES AND LINEAGE

September 8—November 8, 1965

By Type of Sponsor, Party Affiliation and Province

Yukon and Northwest Territories Advertising	Daily Newspapers		Weekly Newspapers		Magazines, Trade and other Publications	
	\$	No. of Lines	\$	No. of Lines	\$	No. of Lines
National Liberal Association.....	—	—	84	1,660	—	—
National P.C. Association.....	—	—	—	—	—	—
National N.D.P. Association.....	—	—	—	—	—	—
National S.C. Association.....	—	—	—	—	—	—
National Créditiste Association....	—	—	—	—	—	—
Other National Associations.....	—	—	—	—	—	—
Provincial Liberal Association.....	—	—	1,182	16,890	—	—
Provincial P.C. Association.....	—	—	766	11,225	—	—
Provincial N.D.P. Association.....	—	—	—	—	—	—
Provincial S.C. Association.....	—	—	—	—	—	—
Provincial Créditiste Association..	—	—	—	—	—	—
Other Provincial Associations.....	—	—	—	—	—	—
Local Liberal Constituency Can- didates.....	—	—	442	7,790	—	—
Local P.C. Constituency Candi- dates.....	—	—	314	4,735	—	—
Local N.D.P. Constituency Can- didates.....	—	—	—	—	—	—
Local S.C. Constituency Candi- dates.....	—	—	—	—	—	—
Local Créditiste Constituency Candidates.....	—	—	—	—	—	—
Other Local Constituency Candi- dates.....	—	—	—	—	—	—

### III. NEWSPAPER ADVERTISING AND LINEAGE OF THE 1963 FEDERAL ELECTION

#### *A. Purpose of the Research*

This research was undertaken to expand upon data reported in the first part of the study.

By use of sampling methods (outlined below) it is possible to arrive at projections for daily newspaper advertising for the 1963 federal election. A benchmark had to be established, and conducting a census of newspapers during the 1965 federal election provided that bench-mark.

#### *B. General Statement of the Methodology*

During the 1965 federal election newspaper advertising campaign, it was possible to gather, between September 8th and November 8th, each daily, weekly, semi-weekly, bi-weekly newspaper, magazine and farm paper in Canada. Measurement of actual lines and calculation of expenditures based on the standard transient or flat black and white line rate was possible. In other words, by collecting all publications a census could be taken.

In a study of the 1963 print advertising campaign, source material is not always readily available (in some cases not available at all) and it becomes physically and economically impossible to produce information based on a census of publications. Such a census would require a check of every micro-film library and newspaper morgue in the country.

This does not mean that usable information cannot be produced. It does mean that methods of producing the information must be altered to bring into play reliable research sampling and projection methods. By sampling within the whole, projections can be made.

Some assumptions must be made to bridge the gap between sample and census, and the resulting information will be correct to the degree that the assumptions and methods are coherent with, and applicable to, the stated objectives. The information produced, like all other information, will have certain limitations which will be outlined below.

#### *C. Methodology*

##### *1. Data for the Sample*

Certain data were available from which to make projections. Forty daily newspapers had reported 1963 political advertising lineage directly to The Committee on Election Expenses. In addition, these papers had broken this lineage out according to the sponsoring political party. These data took on further significance when they were found to represent all parts of Canada in proportion to the 1965 census study.

TABLE 16  
1963 NEWSPAPERS AS A PER CENT OF 1965 NEWSPAPERS

	1965 Census of Daily Newspapers	1963 Daily Newspapers reporting	1963 Papers as a Per Cent of 1965 Census
	No. of Dailies	No. of Dailies	%
Maritimes.....	15	5	33
Quebec.....	14	7	50
Ontario.....	46	15	33
Prairies.....	18	8	44
British Columbia.....	15	5	33
Canada Total.....	108	40	37

As a first step it was necessary to check the accuracy of these forty newspapers in their measurement of newspaper lineage. A selection of fourteen papers representing all areas of the country was made, and researchers from McDonald Research Limited checked paid political lineage from the newspaper morgues and micro-film libraries. It was found that the lineage reported by newspapers ranged from 100.3% to 107.2% of the lineage derived from our actual count. The average difference was less than +2.0%.

At this stage the first assumption was made that the balance of the forty daily papers reporting 1963 political lineage were equally correct. These forty papers (which we shall call the 1963 sample) represented 37% of the total number of daily newspapers used (108) in the 1965 census of print expenditures. Further, these forty papers represented 68.9% of the circulation of all daily newspapers in Canada. Therefore they were considered to be a cross-section of all Canadian daily newspapers because:

- (1) they represented all provinces (except Prince Edward Island)
- (2) they proportionally represented each of the five regions of the country (see table above)
- (3) they included large urban areas, medium size cities, and small town or rural non-farm
- (4) their combined circulation reached better than half (68.9%) of the total Canadian daily newspaper circulation for 1963
- (5) their editorial policies represent a broad spectrum of political persuasion.

## 2. *The Technique of Projection*

In searching for an independent variable from which to make a projection, circulation was selected because:

- Advertising expenditure and the number of people reached by advertising have a direct relationship to circulation.
- Evidence from the 1965 census of newspapers indicated that, while not a hard and fast rule, daily newspapers with larger circulations carried a larger proportion of federal election advertising lineage. This



relationship was particularly true in each of the Maritime Provinces, in the Prairies and British Columbia. In Ontario, where there are a large number of dailies, the relationship held to a lesser degree. This was probably partly accounted for in the varying range of city sizes where large urban papers did not necessarily carry more lineage than newspapers serving middle-sized communities.

- An examination of lineage costs indicated that wherever political advertising lineage and circulation were not in a direct relationship to each other, lineage costs were disproportionately high, and the circulation reach of these large urban papers was reduced by the competition from middle-sized city newspapers. This was the case in Ontario.
- In British Columbia there are too few middle-sized cities to affect the Vancouver-Victoria reach.
- In Quebec the relationship was also present in a lesser degree for the same reason.

It was decided that, in order to take into consideration regional variations, weighted projections would be done on a regional basis. This would also account for any sampling differences when related to circulation as indicated in the following table.

TABLE 17  
COMPARISON OF 1963 SAMPLE CIRCULATION WITH 1965 TOTAL  
CIRCULATION BY REGIONS

Region	All 1965 Daily Newspapers (108) Actual Circulation (% of all Canada)	1963 Sample Newspapers (40) Actual Circulation (% of Sample Total)	1963 Sample Circulation as a Per Cent of Actual Circulation by Region
	%	%	%
British Columbia.....	10.6	13.6	90.2
Prairies.....	14.7	14.0	65.6
Ontario.....	41.3	41.5	69.8
Quebec.....	26.2	26.5	69.9
Maritimes.....	7.2	4.4	42.0
All Canada.....	100.0	100.0	68.9 (All Canada average)

If we presume that the other sixty-eight dailies carried proportional amounts of political advertising overall, then based on the fact that 68.9% of all Canadian daily newspaper circulation accounts for 1,208,285 paid political lines of advertising, 100% of all circulation would account for 1,753,775 paid political lines. Regarding a dollar projection following the same technique, we find that 1,208,285 lines carried in the sample of 40 newspapers accounts for an expenditure of \$481,626. This is based on the 1963 flat or transient black and white line rate as found in *Canadian Advertising* for each of the papers surveyed. In some instances we did find rate increases in 1965 over 1963. Therefore, when

projecting to 1,753,775 paid political lines we can also project this lineage to represent an expenditure of \$699,059 for daily newspaper paid political lineage.

If the same projection is made region by region, then we arrive at 1,949,670 paid political lines for all of Canada in the 1963 federal election campaign. We feel the latter figure more adequately represents the national picture. Similarly if by actual count, newspaper by newspaper, we find that 1,208,285 political lines cost \$481,626, then 1,949,670 lines would represent expenditures of \$774,144 on daily newspaper paid political advertising. Again we feel this dollar value more closely represents the actual national picture.

3. *Rationale of the Formula*

In projecting from a sample to a whole, both dependent and independent variables present themselves, such as regional variations in placement of advertising lines, regional political strategy, and newspaper lineage costs. These same variables present themselves both in 1965 and 1963. Since lineage and costs represent dependent variables, any projections based on lineage ratio would be based on a dependent variable. However, circulation is an independent variable, and circulation would seem to be the logical independent variable to use for political advertising in this case. Circulation deals with population reach and actual and potential voters.

4. *Limitations of Projections*

Because of the nature of a projection based on a forced rather than totally mathematical random sample (by reason of availability), there is no statistical technique available to prove or disprove the validity of the answer (i.e., 1,753,775/1,949,670 paid political lines, \$699,059/\$774,144 paid political dollars), nor is there a technique to give any probable error range of the final answer. However, we can state that since the sample used is a significant part of the total census (40 to 108 dailies representing 68.9% of total circulation), the sampling error would be between 56% and 80% of the error that would arise when only a relatively small sample had been drawn.

One rough measure would be the accuracy of the projecting factor of 68.9%. Based on 40 of 108 daily newspapers, the 95% confidence limits of this factor would range from 61% to 77%. Using these extreme projection factors, the limits of the projection would be from 1,569,000 lines to 1,988,000 lines. Our projections were as follows:

	National Projection	
	By National Average	By Regional Averages
Projection.....	1,753,775 lines	1,949,670 lines
Lower limit.....	1,569,000	
Upper limit.....	1,988,000	

In common parlance this would mean that 95 times out of 100 using all variations of 40 out of 108 dailies from which to sample, the projections would range between 1,569,000 and 1,988,000 lines. The closer one gets to total circulation and regional and city-size representation, the more confidence one can place in the projection and the less need for the limits. Different combination of 40 out of the 108 Canadian dailies represent different proportions of total circulation. The 40 dailies with the smallest circulation, without regard for regional and city-size representation, represent only 6% of total circulation. The 40 dailies with the largest circulation in Canada represent 86% of total circulation, but are not regionally nor city-size representative.

Our sample represents 68.9% of total circulation. This proportion is relatively close to the circulation of the top 40 Canadian dailies. At the same time our sample carries regional and city-size representation, which cannot and does not hold for the top 40 dailies. Therefore we place greater weight in our projections than we do in the outside limits.

There were also instances of greater deviation in lineage reported during the 1965 campaign by McDonald Research Limited and the newspapers themselves. Nevertheless individual differences cancelled each other and the overall difference amounted to 1.3%.

Some explanation of these variations must be made. Chiefly it hinges on the method of measurement employed. McDonald Research Limited used a visual method of checking each newspaper (during the period September 8 to November 8, 1965 inclusive) and measuring the lines and columns with a ruler divided into agate lines.

Newspapers were free to use different methods. Three come to mind:

- (a) measuring the actual newspapers
- (b) measuring the newspapers via microfilm projection
- (c) using accounting ledgers to determine lines placed.

Method (b) could be inaccurate to 5%. The screens on which microfilms are produced can reduce a newspaper page to 19/20 of its actual size. Therefore, if the newspapers used this method they would have to correct where this factor applied.

Method (c) could also be inaccurate in assigning lines. It is possible that political lineage was not billed directly and therefore not all lines could be accounted for; also determination of what constituted paid political advertising could be interpreted differently from newspaper to newspaper.

#### *D. Additional Note on Methodology*

In the 1965 study of daily newspapers it was possible to take a census of all dailies; in 1963 this was not possible. Therefore a method of projecting to the whole from a sample was devised and employed. (See Part 2 of Newspaper Advertising Expenditures and Lineage Report.)

In order to check the validity of this projection method, it was decided to duplicate the sample in 1965, and by use of the same projection method see if the projected agate lineage was equal to the actual agate lineage as measured for all newspapers during the 1965 federal election campaign.

Newspapers were contacted by the Committee on Election Expenses and asked to report lines and dollars of political advertising by party for the 1965



campaign. Unfortunately their response was too limited (25 newspapers vs. 42 for 1963) to provide useful parallel sampling data.

In the 1963 sample, newspaper circulation was used as the independent variable. The sample used accounted for 68.9% of total Canadian daily newspaper circulation; however the forced 1965 sample only produced 43.8% of the daily newspaper circulation.

The following table illustrates this point.

TABLE 18  
1963 AND 1965 SAMPLE CIRCULATION AS A PER CENT OF  
ACTUAL CIRCULATION, BY REGION

	1963 sample circulation as a per cent of actual circulation by region	1965 sample circulation as a per cent of actual circulation by region
	%	%
British Columbia.....	90.2	14.7
Prairies.....	65.6	49.5
Ontario.....	69.8	55.0
Quebec.....	69.9	45.9
Maritimes.....	42.0	3.3
All Canada.....	68.9	43.8

Therefore in those cases where McDonald Research measurement of agate lines are greater than those reported to the Committee by the newspapers themselves, we feel our measurement to be more accurate as it is observable by actual measure day by day during the campaign. Each advertisement was reported by party, by date, by newspaper and by agate lineage.

In those cases where the newspapers report lineage in excess of the findings of McDonald Research Limited, measurement reasons could be in the following, or other, factors:

- (i) McDonald researchers scanning the newspapers could have missed seeing an ad (particularly the smaller 1 column-wide advertisements).
- (ii) A judgment could have been made differently by McDonald Research Limited and the newspapers as to what constituted a paid political advertisement.
- (iii) The newspapers themselves could have counted advertisements more than once for a single paper in cases where the paper had more than one circulation (e.g., Toronto Star with Metropolitan Toronto edition and Ontario edition).

Therefore it was impossible to parallel the sample of 1963 in order to make comparisons. Likewise it must be remembered that the 1965 study constituted an actual census of newspapers with various checks and balances to ensure its accuracy. The following tables arrange numerically agate lines as measured by McDonald Research Limited during the 1965 election campaign and those reported by the newspapers for the same period to the Committee.



TABLE 19

TEST SAMPLE—1965 DAILY NEWSPAPER POLITICAL ADVERTISING AGATE  
LINEAGE—BY PARTY

September 8—November 8

		Lib.	P.C.	NDP	S.C.	Other
<i>Maritimes</i>						
Paper A.....	N <sup>o</sup> paper*	6,661	1,589	96	—	—
	MRL**	5,905	2,980	110	—	—
Paper B.....	N <sup>o</sup> paper	14,644	29,778	1,190	—	896
	MRL	16,950	27,165	710	—	—
<i>Quebec</i>						
Paper A.....	N <sup>o</sup> paper	2,606	7,065	1,217	—	50
	MRL	2,600	7,105	1,400	—	—
Paper B.....	N <sup>o</sup> paper	12,150	2,698	—	—	—
	MRL	8,220	1,700	—	—	—
Paper C.....	N <sup>o</sup> paper	9,585	1,200	—	—	1,725
	MRL	9,685	2,830	—	—	—
Paper D.....	N <sup>o</sup> paper	1,155	9,309	—	—	120
	MRL	1,840	10,000	—	—	—
Paper E.....	N <sup>o</sup> paper	442	250	—	—	—
	MRL	145	100	—	—	—
<i>Ontario</i>						
Paper A.....	N <sup>o</sup> paper	5,325	7,481	98	—	150
	MRL	5,180	6,885	60	—	—
Paper B.....	N <sup>o</sup> paper	4,408	13,630	156	—	—
	MRL	4,575	11,600	—	—	—
Paper C.....	N <sup>o</sup> paper	14,740	16,200	1,320	615	300
	MRL	11,895	13,310	1,170	—	—
Paper D.....	N <sup>o</sup> paper	12,771	23,670	21,048	—	—
	MRL	13,680	21,500	24,245	—	—
Paper E.....	N <sup>o</sup> paper	20,790	25,228	3,661	—	2,607
	MRL	19,905	33,225	2,780	—	—
Paper F.....	N <sup>o</sup> paper	42,930	50,984	4,991	—	1,250
	MRL	38,360	54,565	4,753	—	—
Paper G.....	N <sup>o</sup> paper	12,174	18,238	2,308	—	—
	MRL	19,940	16,760	1,505	—	—
Paper H.....	N <sup>o</sup> paper	13,365	18,539	20,998	—	—
	MRL	12,870	22,315	20,550	—	—
Paper I.....	N <sup>o</sup> paper	10,018	28,085	16,098	—	—
	MRL	10,615	32,860	9,100	—	—
Paper J.....	N <sup>o</sup> paper	12,118	19,839	10,806	—	—
	MRL	13,620	17,000	10,345	—	—

\*Newspaper = the actual newspaper reporting its own political advertising.

\*\*MRL = McDonald Research Limited measurement.

The actual names of the newspapers involved are known to the Committee, but have not been used to preserve the confidence of McDonald Research Limited's informants.

TABLE 19

TEST SAMPLE—1965 DAILY NEWSPAPER POLITICAL ADVERTISING AGATE  
LINEAGE—BY PARTY

September 8—November 8

	Lib.	P.C.	NDP	S.C.	Other
<i>Prairies</i>					
Paper A.....N'paper	11,529	14,688	7,258	160	420
MRL	12,930	11,450	7,725	—	—
Paper B.....N'paper	17,361	20,798	140	13,635	—
MRL	16,990	18,660	1,155	12,370	—
Paper C.....N'paper	8,500	4,797	910	1,638	—
MRL	9,695	10,340	830	4,890	—
Paper D.....N'paper	1,480	10,182	1,094	3,762	—
MRL	5,375	4,995	1,340	3,460	—
Paper E.....N'paper	9,060	13,678	2,394	12,123	—
MRL	—	12,890	2,115	10,935	—
Paper F.....N'paper	18,216	20,151	—	9,630	—
MRL	17,555	22,820	2,245	8,575	—
<i>British Columbia</i>					
Paper A.....N'paper	13,566	19,806	7,257	17,826	672
MRL	11,710	18,505	6,955	13,250	—
Paper B.....N'paper	3,486	14,056	3,792	6,970	—
MRL	2,490	16,065	4,200	6,870	—

TABLE 20  
TEST SAMPLE—1965 DAILY NEWSPAPER POLITICAL ADVERTISING AGATE  
LINEAGE — TOTAL

September 8—November 8

	MRL agate lines measure	Newspaper self measurement of agate lines
<i>Maritimes</i>		
Paper 1.....	8,885	8,346
Paper 2.....	46,610	46,512
Total Maritime Sample.....	55,495	54,858 (−1.1)*
<i>Quebec</i>		
Paper 1.....	11,105	10,938
Paper 2.....	14,848	9,920
Paper 3.....	12,865	12,510
Paper 4.....	12,030	10,584
Paper 5.....	245	742
Total Quebec Sample.....	51,093	44,694 (−12.5)*
<i>Ontario</i>		
Paper 1.....	12,125	13,054
Paper 2.....	16,175	18,194
Paper 3.....	26,975	33,175
Paper 4.....	60,430	57,489
Paper 5.....	58,855	52,286
Paper 6.....	98,938	100,155
Paper 7.....	38,205	32,720
Paper 8.....	55,735	52,902
Paper 9.....	52,575	54,201
Paper 10.....	43,220	42,763
Total Ontario Sample.....	463,233	456,939 (−1.4)*
<i>Prairies</i>		
Paper 1.....	32,105	34,055
Paper 2.....	49,175	51,934
Paper 3.....	25,755	15,845
Paper 4.....	15,170	16,518
Paper 5.....	34,780	37,255
Paper 6.....	51,195	47,997
Total Prairies Sample.....	208,180	203,604 (−2.2)*
<i>B.C.</i>		
Paper 1.....	51,090	59,127
Paper 2.....	29,625	28,304
Total B.C. Sample.....	80,715	87,431 (+8.3)*
Canada Total.....	858,716	847,526 (−1.3)*

\*Newspapers' self-measurement as a percentage difference from McDonald Research measurement.

# 10

## POLITICAL BROADCASTING IN CANADA

### I. INTRODUCTION

This study deals with the movement of information. It appears to be true that the form and mode of this movement are a significant measure of a society's technical maturity. The electric broadcasting media must be included among the most powerful and expensive of such forms. Movements of political information through these media give wide exposure to the issues, facts, and people involved in public affairs, and the election campaign represents an intensified and costly phase of this process.

Of vital concern, therefore, is the question of who, in law and in fact, controls this movement of political information: who pays for it, and who controls the content? These are the critical areas of concern. Section II of this study provides an historical account of the subject, with emphasis on the legal and institutional factors that have influenced its growth. A fundamental principle emerges: that the airwaves are a portion of the public domain leased to private and public institutions which have been held accountable for their use of the resource. The public agencies that perform the function of holding broadcasters accountable to the public are an administrative necessity, and they do not upset the balance between broadcaster and public so long as information flows freely between the two. In the case of political or controversial broadcasting, this principle becomes critical and needs to be stressed. Section II explores the extent to which the public agencies have sought to control political broadcasting on the one hand, and the extent to which they inhibit the reporting of information back to the public on the other. The aspects of political broadcasting relating to the provinces were excluded from this study.



Campaign expenses for radio and television are unique not only because they are in proportion so sizeable, but also because in large measure they can be controlled. Extensive data have been gathered on the amount and cost of coverage provided to candidates, both free of charge and commercially by the public and private sectors. This material is included in Section III to illustrate the operation of the system within the legal and institutional framework outlined in Section II.

## II. CANADA: THE CONTROLS OF POLITICAL BROADCASTING

### A. *The Historical Background*

Communications networks have been a vital and intimate part of the history of Canada. Peculiar socio-cultural, economic and geographical factors, together with the American preponderance to the south, have forced a crucial role upon those networks employed successively to knit the country together.

The original French trading organization reaching from its base in the St. Lawrence to the Saskatchewan River basin, had been weakened by the more efficient water routes to the north and to the south. By the time of Confederation, however, it was clear that the canal network which had been conceived in an attempt to revive the St. Lawrence system would be insufficient for the national purpose; and "nation-building" became synonymous with railway building.<sup>1</sup>

But in this century, Canadians who worried about our political and cultural identity began to think less about the movement of goods and more about the movement of information. Patronage and other more legitimate forms of subsidies had been extended to editors, publishers and newspapers in the nineteenth century;<sup>2</sup> nevertheless public support of interconnected information networks only began to receive the consideration of press and government about the time of World War I. The Canadian Press was formed at Toronto in 1911. Aided by annual grants from the federal government during and after the war, a system was established to gather and distribute international and domestic news by wire to member newspapers across the country.

With the invention of the wireless, radio broadcasting stations began to appear after 1920, and between 1922 and 1928 the Minister of Marine and Fisheries licensed more than sixty radio stations. Individual conditions and restrictions on each licence were set down by the Minister, whose authority over the new medium had been firmly asserted by Parliament. In spite of this authority, no adequate system had emerged by the late twenties and disorder prevailed. Not only had service not been extended to the sparsely populated areas of the country, but the only network operations to emerge were linked with networks in the United States, and pirate stations using Canadian frequencies were broadcasting from the United States and Mexico. As commercial enterprises, the programs of these early stations were guided simply by considerations of profit. Nor were the entrepreneurs interested in establishing national broadcast-

<sup>1</sup> Innis, H. A. and W. T. Easterbrook, "Fundamental and Historic Elements", in John J. Deutsch *et al.* (eds.), *The Canadian Economy: Selected Readings*, Toronto, Macmillan Co., 1961, pp. 363-371, *passim*.

<sup>2</sup> Ward, Norman, "The Press and the Patronage: An Exploratory Operation," *The Political Process in Canada—Essays in Honour of R. MacGregor Dawson*. J. H. Aitchison (ed.), Toronto, University of Toronto Press, 1963, pp. 3-16, *passim*.

ing networks on their own. The political dangers inherent in the situation were obvious. Against this chaotic environment, the first of three Royal Commissions to investigate broadcasting was established.

### 1. *The Aird Commission*

The Royal Commission on Radio Broadcasting was established in 1928, to examine into the broadcasting situation in the Dominion of Canada and to make recommendations to the Government as to the future administration, management, control and financing thereof.<sup>8</sup>

Under the chairmanship of Sir John Aird, the Commission, consisting of a banker, an editor and an engineer, declared itself against the private use of what was considered a public domain. A national network was envisaged, under a form of public ownership and operation, that would organize the scattered information systems under Canadian public control. It recommended that "direct" advertising be abolished and religious and political broadcasting be curtailed.

While we are of opinion that broadcasting of political matters should not be altogether banned, nevertheless, we consider that it should be very carefully restricted under arrangements mutually agreed upon by all political parties concerned.<sup>4</sup>

The Aird Report appeared in the autumn of 1929, only weeks before the New York Stock Market Crash and the defeat of the Liberal Government at the polls. Three years intervened before a House Committee was appointed during the Bennett regime to consider the Report. By 1932 the Judicial Committee of the Privy Council had clearly established federal jurisdiction over broadcasting in its decision of February 9, 1932.<sup>5</sup>

Also during this interval, the Radio League was formed by Mr. Graham Spry and Mr. Alan Plaunt, later an important member of the first Canadian Broadcasting Corporation Board of Governors. Supported by an influential portion of the press, the Radio League represented an impressive array of the corporate and organizational elite and counted among its members Mr. Louis St. Laurent and Mr. Brooke Claxton, who represented the League before the Judicial Committee of the Privy Council. The League marshalled public and official support both for the proposals in the Aird Report, and for the public control of broadcasting through a mixed system of publicly owned and operated high-power stations and local privately owned affiliates.<sup>6</sup>

The Parliamentary Committee on Broadcasting, in the spring of 1932, strongly endorsed the Aird Report as modified by the recommendations of the Radio League. The Bennett Government then introduced a bill to establish the Canadian Radio Broadcasting Commission (the CRBC); the House of Commons and the Senate passed the bill without dissent on May 26, 1932. The foundations had been laid for a new Canadian communications network.

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<sup>8</sup> *Report of the Royal Commission on Radio Broadcasting* (Aird Commission), King's Printer, Ottawa, 1929, p. 1.

<sup>4</sup> *Ibid.*, p. 11.

<sup>5</sup> *Decisions of the Judicial Committee of the Privy Council Relating to the British North America Act, 1867 and the Canadian Constitution, 1867-1954*, Vol. III, arranged by R. A. Olmstead, Q.C., Queen's Printer, Ottawa, 1954, p. 18. [In *re Regulation and Control Radio Communication in Canada*]

<sup>6</sup> Weir, E. Austin, *The Struggle for National Broadcasting in Canada*, McClelland and Stewart, Toronto, 1965, pp. 117-123.

## 2. *The Canadian Radio Broadcasting Act, 1932*

The CRBC consisted of three Commissioners appointed by the Governor in Council. Its function was essentially twofold: to provide for a "national" broadcasting service, and to control all broadcasting in Canada. These legislative arrangements reserved an important place for commercial broadcasting; however,

...the policy that certain amounts of time would be required from the private stations to carry programs created by the public agency was also established. This simply meant that the right of public access to the national audience was supreme, by whatever means the public agency chose to utilize.<sup>7</sup>

In this system, political broadcasting has always been considered as part of commercial broadcasting. As Mr. Hector Charlesworth, the Toronto editor appointed to head the Commission, put it:

Political broadcasting as a whole is covered by amended regulation 90 [see *infra* p. 363], and that just came under the ordinary commercial programs...[there is] no regulation specifically mentioning political broadcasts.<sup>8</sup>

However, the question of free access to the public airwaves arose often in the House of Commons. In Mackenzie King's words:

... radio... plays such an important part in all matters affecting public opinion that it would be quite proper that some provision should be made whereby, for example, each political party which has a representative following should be entitled to have broadcast at the expense of the state one or two addresses which would set forth its platform or policies before the people. That I believe is the custom in Great Britain itself and it might well be followed here. Apart from that I think there ought to be some definite understanding that radio where it is to be used for political purposes will be used in a manner which will not give to one party which may happen to have more in the way of financial backing than other parties, a larger use of that national instrument.<sup>9</sup>

The financing of such programs was of real concern to the Bennett Government as well as the CRBC, which was only able to balance its budget through appropriations from Parliament of an amount equal to the total licence fees charged for receiving sets.<sup>10</sup> Prime Minister Bennett addressed himself to the suggestion of a lower political rate this way:

I do not see how the commission, with its limited revenues and its difficulty in making ends meet, can possibly expect to provide facilities for any of us on the terms suggested.... It cannot afford to do so; that is the difficulty.<sup>11</sup>

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<sup>7</sup> Thomas, Alan M. "Audience Market and Public—An Evolution of Canadian Broadcasting," *Canadian Communications*, Vol. I, No. 1, summer, 1960, p. 30.

<sup>8</sup> Mr. Hector Charlesworth, Chairman of Canadian Radio Commission, before the Special Committee on the Canadian Radio Commission, *Minutes of Proceedings and Evidence*, Ottawa, Mar. 31, 1936, p. 27.

<sup>9</sup> Rt. Hon. W. L. Mackenzie King, Leader of the Opposition, in: Canada, *House of Commons Debates*, June 30, 1934, p. 4511.

<sup>10</sup> *Report of the Royal Commission on Broadcasting*, (Fowler Commission), Vol. I, Queen's Printer, Ottawa, 1957, p. 304.

<sup>11</sup> Canada, *House of Commons Debates*, June 20, 1935, p. 3850.



The whole question of the political use of broadcasting became critical during the 1935 general election. In the absence of legislation that would facilitate control in this area, the CRBC amended Article 90 of its Regulations to read:

No broadcasting station may broadcast any speech, printed matter or programme containing defamatory, libellous or obscene statements with regard to persons or institutions, or statements of a treasonable character or intended to promote change by unlawful means and which might lead to a breach of the peace, or any advertising matter containing false or deceptive statements.<sup>12</sup>

In spite of this Regulation, which had been sent to all stations, public and private, the 1936 Committee on Radio Broadcasting reported striking abuses of the medium and made recommendations accordingly:

Your committee finds that during the last election there was serious abuse of broadcasting for political purposes and that lack of a proper control by the commission was apparent . . . We also find that credit was issued to political parties in direct violation of the rules of the commission, which rules prescribe that all political broadcasts must be paid for in advance. Generally speaking from the evidence presented before your committee we are forced to the conclusion that there was a loose administration of commission affairs.

Your Committee recommends that the following points be incorporated in the new legislation:—

- (i) That dramatized political broadcasts be prohibited.
- (ii) That full sponsorship of all political broadcasts be required.
- (iii) That the limitation and distribution of time for political broadcasts be under the complete control of the corporation, whose duty it shall be to assign time on an equitable basis between all parties and rival candidates.
- (iv) That no political broadcasts be allowed on an election day or during two days immediately preceding same.<sup>13</sup>

Indeed, the 1936 Committee, in recommending the establishment of a more independent public corporation, defined still further the extent of its intended exclusive control over:

- (1) The character of all programmes, political or otherwise, which were broadcast by private stations,
- (2) the content of all advertising, and
- (3) all wireline networks used for broadcasting purposes.<sup>14</sup>

This authority was given to the new corporation under the 1936 Act, and was transmitted to the BBG when it was established in 1958.

### 3. *The Canadian Radio Broadcasting Act, 1936*

Further to the recommendations of the Special Committee on Broadcasting, Parliament passed a new Act to establish the Canadian Broadcasting Corporation. The essential provisions of this Act remained in force from 1936 to 1958. The CBC consisted of a nine-member Board of Governors (the number was raised to eleven in 1952) under a Chairman and Vice-Chairman appointed by the Governor in Council. The Chairmanship became a full-time salaried position in 1945 with the appointment of Mr. A. Davidson Dunton. Licensing powers over

<sup>12</sup> See Special Committee on the Canadian Radio Commission, 1936, pp. 47-48.

<sup>13</sup> *Ibid.*, May 26, 1936, pp. 785-86.

<sup>14</sup> The Royal Commission on Broadcasting, Vol. I, 1957, p. 305.



new stations were left to the Minister of Transport who was to receive recommendations from the CBC Board and to act as parliamentary spokesman for the CBC.

Mr. Graham Spry described the principal objects of the 1936 Act in these terms:

The concept was of an independent statutory corporation, separate from the machinery of day to day government, impartial but not non-controversial, and ultimately responsible to Parliament, more like a university than a government agency.<sup>15</sup>

The CBC remained financially independent of Parliament until 1952 when the radio licence fee was discontinued and the annual governmental grant was instituted on an interim recommendation from the Massey Commission,<sup>16</sup> primarily in response to the additional burden imposed by the introduction of television.

Also pursuant to the Committee recommendations of 1936, *The Canadian Broadcasting Act*, 1936 incorporated the following measures related to political broadcasting:

Section 22

(1) The Corporation may make regulations:—

- (e) to prescribe the proportion of time which may be devoted to political broadcasts by the stations of the Corporation and by private stations, and to assign such time on an equitable basis to all parties and rival candidates.
- . . . .
- (3) Dramatized political broadcasts are prohibited.
- (4) The names of the sponsor or sponsors and the political party, if any, upon whose behalf any political speech or address is broadcast shall be announced immediately preceding and immediately after such broadcast.
- (5) Political broadcasts on any dominion, provincial or municipal election day and on the two days immediately preceding any such election day are prohibited.
- (6) In case of any violation or non-observance by a private station of the regulations made by the Corporation under this section, the Corporation may order that the licence of such private station be suspended for a period not exceeding three months. . . .<sup>17</sup>

But the legislation itself could not come to grips with the delicate management problem of equitable allocation of time. In an account of his stewardship to the Broadcasting Committee in 1939, the first Chairman of the CBC Board of Governors, Mr. L. W. Brockington, K.C., cited the following regulation and commented:

Each station shall allocate time for political broadcasts as fairly as possible between the different parties or candidates desiring to purchase or obtain time for such broadcasts.

I really think we would often like more definite guidance on these subjects. . . . I think perhaps this committee might bring in some recommendation as to what it thinks is the best procedure in political broadcasting.<sup>18</sup>

<sup>15</sup>Spry, Graham, "The Canadian Broadcasting Corporation 1936-1961," *Canadian Communications*, Vol. 2, No. 1, Autumn, 1961, p. 15.

<sup>16</sup>For details see the historical discussion in *Report of the Royal Commission on Broadcasting*, Vol. 1, 1957, p. 309.

<sup>17</sup>*Statutes of Canada*, I Ed. VIII, 1936, c. 24.

<sup>18</sup>Mr. Brockington, in an account of his stewardship, given before the Special Committee on Radio Broadcasting, March 3, 1939, *Minutes of Proceedings and Evidence*, No. 3, pp. 27-28.

The CBC was being drawn into a controversial area where it would be vulnerable to attack from the political parties. A Committee, consisting of representatives from both the Corporation and the political parties, was set up to study the problem in 1939. Their meeting proved fruitful, bringing about the Corporation's first *White Paper*. This paper established that generally speaking:

... political broadcasting during a general election is to be on a sustaining or free basis.... Privately owned stations affiliated to the network are required to carry these broadcasts; and other private stations are *invited* to do so.<sup>19</sup>

However, when Canada declared war on Germany in 1939, the CBC Board recommended that all purchases of political broadcasting on the network be suspended except during election periods. But political time would still be available on private stations.<sup>20</sup> This policy of the Board caused considerable dissatisfaction because government representatives enjoyed the marked advantage of incumbency, which permitted them to appeal to the public during so-called "non-political" speeches.<sup>21</sup> For this reason, the Corporation decided in 1943 to allocate two hours of free time each month on its national networks to all parties represented in the House of Commons.

The above mentioned White Paper, as revised on February 21, 1944, set down guidelines for the distribution of available free time. If only two political parties qualified, the leaders of these parties would be allowed equal periods of time; in the event that more than two parties qualified, two-fifths of the time would be allocated to the government party and three-fifths divided among the qualified opposition parties.<sup>22</sup> Free network facilities were also extended to qualifying parties during provincial general election campaigns by the CBC on February 8, 1943, in further compliance with the recommendations of the 1942 Committee on Radio Broadcasting. These arrangements with provincial parties follow a pattern similar to the procedures undertaken prior to federal general elections.

#### 4. From 1944 to 1958

No significant changes took place in the relevant legislation and regulations during the interval from World War II to the 1957 *Report of the Royal Commission on Broadcasting*. However, the period is marked by two important developments that are relevant to political broadcasting at the present time: a rise in the number and affluence of the private stations, and a change in the financial structure of the CBC following the introduction of television.

After the successful campaign of the Radio League followed by the Act of 1932, private station owners generally assumed that their operations would be expropriated, and in consequence of this, private broadcasting in the thirties had been considered a privilege. In fact, the CBC retained the power of expropriation until 1958.<sup>23</sup> In spite of this, or perhaps because of it, the private

<sup>19</sup> Evidence of Dr. A. Frigon given before Special Committee on Radio Broadcasting, March 22, 1944. *Minutes of Proceedings and Evidence* No. 2, p. 69. [Italics not in original]

<sup>20</sup> Resolution of the Board of Governors, January 22, 1940, in Special Committee on Radio Broadcasting, June 18, 1943, *Minutes of Proceedings and Evidence*, No. 4, 1943-44. p. 92.

<sup>21</sup> M. J. Coldwell, Canada, *House of Commons Debates*, June 13, 1941. p. 3990.

<sup>22</sup> CBC Revised *White Paper*, 1944. Outlined and discussed in Special Committee on Radio Broadcasting, March 22, 1944, *Minutes of Proceedings and Evidence*, No. 2, pp. 57-106.

<sup>23</sup> *Report of the Royal Commission on National Development in the Arts, Letters and Sciences*, (Massey Commission) Ottawa, King's Printer, 1951, p. 281.

stations which had grown in number and affluence in the postwar period, came to regard the Corporation as a competitor, and pressed the Broadcasting Committee and the Massey Commission for a regulatory board that would be quite separate from the CBC, and to which the latter would also be subject.<sup>24</sup> The reaction of the Massey Commission was blunt: "a new regulatory body would either destroy or duplicate the present national system of control";<sup>25</sup> it recommended instead an enlarged Board of Governors. However, the contrary view rapidly gained ground, and became compelling by the time of the Fowler Commission six years later.

Changes in the Corporation's financial structure also had grave implications. Deficits began to appear in the financial statements after World War II, and annual grants from Parliament were introduced in the year 1951-1952, not unrelated, of course, to the introduction of television service at that time.

The growing strength of the private broadcasters and the changed financial structure of the CBC clearly had an important bearing on the recommendations of the 1957 Fowler Commission. The feeling among some observers indicated that the unprecedented support for public broadcasting that had been skilfully organized by the Radio League in 1932, was no longer forthcoming. Robert Fulford commented:

... the people who turned up in 1949 and 1950 to praise the CBC before the Massey Commission were not so numerous when the Fowler Commission sat in 1956. Nor was their praise so bountiful.<sup>26</sup>

The Fowler Commission, appointed in 1955 and consisting of two corporate businessmen and a diplomat, supported the position of the private broadcasters in a mixed system. It recommended that CBC regulatory powers over all broadcasting and all the networks be transferred to a Board of Broadcast Governors. The television market was to be satisfied by second stations in major urban areas, and by increased efforts of the CBC to earn commercial advertising revenues. The submission of this Report to Parliament marks the beginning of the present system of controls over political broadcasting.

### B. *The Present System of Controls*

The Fowler Commission of 1957 reviewed the relevant controls on political broadcasting in the 1936 Act and suggested that the powers given in section 22 (*see supra* p. 364) to the CBC Board of Directors should be split between the proposed BBG and Parliament:

Since we suggest that the proposed new Board of Broadcast Governors should be charged with the responsibility of determining overall broadcasting policies for Canada, we believe it to be a proper function of such a Board "to prescribe the proportion of time that may be devoted to political broadcasts by the stations of the Corporation and by private stations". However, we do not consider that it is a proper function of the Board "to assign such time on an equitable basis to all parties and rival candidates". In our view, this is a matter that should not be delegated to the Board or to any other agency but that it should be dealt with by the representatives of the people themselves.<sup>27</sup>

<sup>24</sup> See, for example, "The dissenting views of Mr. Arthur Surveyer," *Ibid.*, pp. 384-401.  
<sup>25</sup> *Ibid.*, p. 286.

<sup>26</sup> Fulford, Robert, "CBC's Friends Have Fallen Silent," in the series "The Politics of Broadcasting", *Toronto Daily Star*, November 3, 1961, p. 7.

<sup>27</sup> *Report of the Royal Commission on Broadcasting*, 1957, Vol. 1. p. 77.



The *Broadcasting Act* of 1958 established a Board of Broadcast Governors consisting of three full-time and twelve part-time members, all appointed by the Governor in Council for seven years for the full-time members and five for part-time members, or for a lesser term.<sup>28</sup> The creation of the new Board gave legislative recognition to a growing contradiction in Canadian broadcasting: the operating function of the CBC on one hand, and the general regulatory powers of its Board of Governors on the other. The CBC's control over its commercial competitors was thus terminated.

In suggesting this division in function, the Fowler Commission also intended that CBC relations with Parliament should go through the BBG<sup>29</sup>, a procedure that would have meant a degree of relief from political controversy. But in contrast to the recommendations of the Royal Commission, the legislation required the continued appearance of the CBC before Parliament for an annual grant of funds.

While the commercial broadcasters generally welcomed these changes, some observers felt that the original intentions had been frustrated. The current director of the Canadian Association of Adult Education wrote in 1960:

Under the present legislation while the CBC is responsible to the BBG for program content and balance, both bodies report directly to Parliament. The mechanism for this reporting, already under considerable strain because of the growth and complexity of the CBC, seems hardly adequate to handle with any safety the conflicting responsibilities of the new arrangement. The lack of clarity and of rights has already been exploited by some political opportunists, and under the present code there seems room for a great deal more.<sup>30</sup>

The critic and author Robert Fulford went further . . . "where the Fowler report would harm or limit the CBC, the government implemented it. Where it would bolster the CBC's position, the government ignored it."<sup>31</sup>

### 1. BBG Authority over Political Broadcasting<sup>32</sup>

The authority of the Board over political broadcasting is centred in section 11(1) of the Act, whereby the BBG may make regulations,

- (d) respecting the proportion of time that may be devoted to the broadcasting of programs, advertisements or announcements of a partisan political character and the assignment of such time on an equitable basis to all parties and rival candidates;
- (f) requiring licensees to broadcast network programs of public interest or significance;
- (i) requiring licensees to submit information to the Board regarding their programs, financial affairs and such other matters concerning their operations as the regulations may specify.

<sup>28</sup> The *Broadcasting Act*, Statutes of Canada, 1958, c. 22, s. 3.

<sup>29</sup> *Report of the Royal Commission on Broadcasting*, 1957, Vol. 1, p. 128.

<sup>30</sup> Thomas, *op.cit.*, p. 40.

<sup>31</sup> Fulford, *op. cit.*, p. 7.

<sup>32</sup> The current legislative controls over political broadcasting are contained in the following:

The *Broadcasting Act*, Statutes of Canada 1958, c. 22, s. 11 (1) (d, f, and i) and s. 17; the BBG Statutory Orders and Regulations (as amended): for Television, the *Canada Gazette* Part II, Vol. 98, No. 3, Feb. 12, 1954, (SOR/64-50), s. 4 (1) (f, g, and h), s. 5, and s. 7; for AM Radio, the *Canada Gazette*, Part II, Vol. 98, No. 3, Feb. 12, 1964, (SOR/64-49), s. 4 (1) (f, g, and h), s. 6; the same sections for FM Radio in the *Canada Gazette*, Part II, Vol. 98, No. 13, July 8, 1964, (SOR/64-249); and the *Canada Elections Act*, Statutes of Canada, 1960, c. 39, s. 99 (1) and s. 108.



On paper, the powers of the new Board are similar to those of its predecessor, the CBC Board of Directors, but relatively little of its extensive power is used. Nevertheless, its unquestionable authority takes the three forms listed above in section 11 of the Act: the equitable allocation, compulsory provision, and reporting of time made available for political broadcasting.

(a) *The Equitable Allocation of Time.* The Board's authority is equally applicable to all station and network licensees, whether public or privately owned. Moreover, the phrase in section 11(1), "may make regulations respecting . . ." must be interpreted as actually granting to the Board the power necessary to force stations to provide time.<sup>33</sup> But it is the combination of regulatory powers that follow that are crucial.

Contrary to the arguments of the Fowler Commission cited above, the Act provides not only power to prescribe the proportion of time for political purposes, but also power for the "assignment" of that time on an equitable basis. This combination of powers had been given to the CBC Board of Directors in the 1936 Act, and the latter element (the assignment of time to parties and rival candidates) drew the Corporation reluctantly into the political arena. The inclusion of this element encountered considerable opposition in Parliament. Speaking for the Opposition, Hon. J. W. Pickersgill said that while this responsibility had been given to the Corporation in 1936, subsequent events had demonstrated the weakness of such a course. He urged that the precedent of Westminster be adopted, and the matter of assigning the time periods be left to Parliament itself.<sup>34</sup>

However, these dual powers were reiterated by the BBG in its Regulations, where they were expressed in terms of responsibilities on the part of licensees to the Board itself.

For AM and FM Radio:

6. (1) Each station or network operator shall allocate time for the broadcasting of programs, advertisements or announcements of a partisan political character on an equitable basis to all parties and rival candidates.
- (2) Political programs, advertisements or announcements shall be broadcast by stations or network operators in accordance with such directions as the Board may issue from time to time.<sup>35</sup>

For Television:

7. (1) Each station or network operator shall allocate time for the broadcasting of programs, advertisements or announcements of a partisan political character on an equitable basis to all parties and rival candidates.
- (2) Political programs, advertisements or announcements shall be broadcast by stations or network operators in accordance with the directions of the Board issued from time to time respecting
  - (a) the proportion of time which may be devoted to the broadcasting of programs, advertisements or announcements of a partisan political character; and
  - (b) the assignment of time to all political parties and rival candidates.<sup>36</sup>

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<sup>33</sup> Dr. Andrew Stewart, Evidence before Special Committee on Broadcasting, February 20, 1961. *Minutes of Proceedings and Evidence, 1960-61*, No. 3, pp. 66-68.

<sup>34</sup> Canada, *House of Commons Debates*, August 19, 1958, p. 3763.

<sup>35</sup> SOR/64-49 and SOR/64-249, *op.cit.*

<sup>36</sup> SOR/64-50, *op.cit.*

The Board's approach has been to set down a regulative framework within which candidates and parties must work out arrangements with a station or network; the Board is available for appeal where no agreement is reached.<sup>37</sup>

This policy has not resulted in complaints from licensees. As Dr. Stewart reported to the Broadcasting Committee:

I do not think we have had any complaints in regard to the sale of time on private stations being inequitable. However, in looking at the records as they come in, there are some variations. Obviously, everybody is not getting the same amount of time, but this has not been sufficiently disparate to cause the board to be concerned. We have had no complaints about inequity in the use of purchased time.<sup>38</sup>

However, when questioned on this point in 1965, he replied that on examining the reports of private broadcasters, it appeared that distribution of time had not always been equitable, but that the only course for the BBG was to require the reporting of refusals of time to a political party or candidate.<sup>39</sup> The attitude appears not to be one of actively distributing and assigning time as would be the case in Europe, but rather the more passive American Federal Communications Commission approach of attempting to provide equitable access and equitable opportunity. But this does not extend to the fixing of equal prices by the Board.

There is no reference of any kind to rates in the Broadcasting Act, and it is our view, on advice received, that we have no authority to control rates . . . and no authority to interfere with rates charged by broadcasters.<sup>40</sup>

(b) *The Compulsory Provision of Time.* The BBG, as noted above, has the power to force stations to provide time, or to limit the provision of time to a certain number of periods. However, the 1965 election affords an illustration of the exercise of this power. As part of a campaign series, the advertising agency of the New Democratic Party produced a program about fraudulent advertising. The commercial was cleared by the BBG, but owing to the initiative of a private station, it was cancelled on the CTV network and a number of private stations. While he regarded the action as regrettable, Dr. Stewart admitted that CTV had the right to refuse such as advertisement.<sup>41</sup>

This passive role of the BBG as a kind of appeal board is worthy of stress since it appears that the broadcasters and network operators have rushed into the resultant vacuum of *de facto* control. Concerning a similar opinion handed down by the BBG which cleared a program under the section that prohibits dramatized form, Mr. Reeves Haggan, then General Supervisor of CBC Public Affairs, wrote

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<sup>37</sup> *BBG White Paper, 1962, Political and Controversial Broadcasting Policies*, Ottawa, Dec. 18, 1961.

<sup>38</sup> Special Committee on Radio Broadcasting, February 20, 1961, *Minutes of Proceedings and Evidence*, 1960-61, No. 3, p. 67.

<sup>39</sup> Evidence of Dr. Stewart before the Committee on Election Expenses, Ottawa, September 22, 1965.

<sup>40</sup> Special Committee on Radio Broadcasting, 1961, *op.cit.*, p. 65.

<sup>41</sup> Correspondence with CTV, BBG and NDP, in files of Committee on Election Expenses.

that "the Corporation takes the view that it is the broadcaster who must decide whether or not a freetime political contravenes this section."<sup>42</sup>

Nevertheless, where the program content is regarded as being of public interest or significance, section 11(1)(f) of the *Broadcasting Act* explicitly provides that the BBG "may make regulations *requiring* licensees to broadcast network programs . . ." [Italics not in original] Pursuant to this provision in the Act, the Board included the following regulation: "Network operators and stations may be required to broadcast programs of public interest or significance as determined by the Board."<sup>43</sup> There are not enough rulings to determine precisely what political programs, in the opinion of the BBG, would be of public interest or significance.

(c) *Reporting.* A final and vital function is imposed upon the Board by section 11(1)(i) of the Act, whereby it is empowered to make regulations:

11. (1) (i) requiring licensees to submit information to the Board regarding their programs, financial affairs and such other matters concerning their operations as the regulations may specify.

The BBG specified in the Regulations as follows:

4. (1) Each station shall maintain a program log, in a form acceptable to the Board, and shall cause to be entered therein each day the following information:
  - (a) the date(s);
  - (f) the name of the speaker on any talks program and the auspices, if any, under which the talk was given;
  - (g) the name of any candidate for public office speaking on a political broadcast and his political affiliation, if any; and
  - (h) the name of every person speaking on a political broadcast on behalf of a political party or candidate together with the name of the party or candidate on whose behalf the talk was given.<sup>44</sup>

Every station must submit a complete program log to the Board each week. The Act also requires that licensees make adequate provision for the identifica-

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<sup>42</sup> Mr. Reeves Haggan in correspondence with the Committee on Election Expenses, dated Jan. 27, 1966.

NOTE: The Labour-Progressive or Communist Party fielded enough candidates in 1953 to qualify for national Free Time series broadcasts, and Mr. George Young, Manager of CBC Broadcast Regulations, notified all stations on July 29, 1953, that a quarter-hour period would be provided them on the French and English networks. *The Report on the Federal Election Campaign, 1953* notes that network LPP periods were not carried by all stations, that three stations refused to provide local free time to qualifying local LPP candidates, and that three stations refused the sale of time to Labour-Progressive candidates, explaining that "they did not wish their facilities to be used for Communist propaganda." The Manager of Broadcast Regulations, Mr. Young, presented the case to the CBC Board of Directors who instructed that the stations be written for explanations, and that these records be placed on their files.

The other instance of compulsion to provide time might arise in the following way. CBC Program Policy No. 61-3, "Political Broadcasts and the Right to Reply," dated Feb. 17, 1961, quotes a BBG ruling that "where a political party which has been allocated time discusses a political party which has not been allocated time, the broadcaster must be prepared in such a case to allow the second party the right to reply." Quoting from correspondence with Mr. W. C. Pearson, the BBG counsel, the policy statement went on "...if a political party is large enough to be deemed worthy of the comments of its opponents, surely it is large enough to have the right to reply to this opponent."

<sup>43</sup> SOR/64-50, -49 and -249, s. 15(11) for each.

<sup>44</sup> *Ibid.*, s. 4(1)(a, f-h) for each.



tion of the sponsorship and provenance of all broadcasts of a partisan or political nature.

A licensee shall immediately preceding and immediately after broadcasting a program, advertisement or announcement of a partisan political character, identify the sponsor and the political party, if any, upon whose behalf the program, advertisement or announcement was broadcast.<sup>45</sup>

Where the program, advertisement or announcement is of one minute or less in duration, a report of the sponsor and the name of the political party need only be made at the end of each broadcast.<sup>46</sup>

The potential of the BBG to demand information is almost unlimited. Each originating station must retain the manuscript or reproduction of all talks and speeches for a period of four weeks for the possible inspection of the Board. In addition there is a general provision that:

Each station shall furnish, upon request of a representative of the Board, such additional information in connection with its activities as the Board considers necessary for the proper administration of the Act and these Regulations.<sup>47</sup>

It is clear that the Board has been given extensive powers to demand information concerning all aspects of a broadcaster's activities. Nevertheless, an examination of the extent to which this power is exercised, and of the access to information, reveals glaring weaknesses. Little of the power is exercised with regard to political broadcasting. The annual reports to Parliament contain no reference to political broadcasting, and there is no public report either during or after a campaign. In effect, so far as the BBG and the public are concerned, there is no system of reporting on political broadcasting. The 1965 campaign provides the first instance of the collection of extensive data on political broadcasting from all private and publicly owned networks and stations. At the request of the Committee on Election Expenses, the BBG sent questionnaires to all licensees and networks. However, a comparison of this BBG Circular C-120 (see note 103), with the questionnaire and extensive Report on Political Broadcasting published after each election year since 1960 by the United States Federal Communications Commission,<sup>48</sup> reveals a significant and paradoxical difference in attitude toward information. In the private broadcasting system in the United States, there is a profusion of officially published data about political broadcasts; by contrast, the public agency responsible for controlling Canada's mixed system is chary of providing such information which it apparently regards as a matter of privilege of little public concern.

Since 1953, the CBC has published for internal use, detailed reports after the close of each federal election campaign. While these reports were not made available to the press, the Committee on Election Expenses has examined them, and they have been utilized to advantage in the writing of Section III of this

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<sup>45</sup> The *Broadcasting Act*, 1958, c. 22, s. 17(2).

<sup>46</sup> BBG, *Guiding Principles and Policies for Information of Broadcasters, Speakers and Agencies*, Federal Election Campaign, 1965.

<sup>47</sup> SOR/64-50, -49 and -249, s. 4(7), s. 4(6) and s. 4(6) respectively. The four week requirement as to retention of manuscripts and continuities had previously been a period of six months. (See SOR/64-397 (A.M.) the *Canada Gazette* II, Oct. 14, 1964, Vol. 98, No. 19; SOR/65-294 (F.M.) the *Canada Gazette* II, July 14, 1965, Vol. 99, No. 13; SOR/65-293 (T.V.) the *Canada Gazette* II, July 14, 1965, Vol. 99, No. 13.

<sup>48</sup> cf. Federal Communications Commission, *Survey of Political Broadcasting Primary and General Election Campaigns of 1964*, Washington, D.C., July, 1965.



study. Prior to the 1962 campaign, these reports included information regarding the private sector, which was then under the control of the CBC Board of Directors. The private stations now, of course, report directly to the BBG. At no time prior to the circulation of BBG Circular C-120 has any report included revenues, costs or imputed values for time given free of charge.

Owing perhaps to the friction inherent in the two Board system, the BBG appears to have withdrawn from responsibility for the CBC.<sup>49</sup> Under the Act, both Boards must make annual reports to Parliament, and their respective agencies are under the scrutiny of the Parliamentary Broadcasting Committees and of individual parliamentarians, through the Secretary of State. The 1965 Fowler Committee recommended a single agency, responsible both for defining program policies and for ensuring their implementation into practice; the Canada Broadcasting Authority (CBA) would be the centre of information and research for all broadcasting.<sup>50</sup>

The annual report to Parliament of this proposed body would include extensive details regarding program performances by both public and private sectors. At present, the BBG finds itself in the difficult position of regulating political broadcasting on the basis of incomplete and inadequate information. Even the fourteen program categories established by the BBG contain no separate item for political content;<sup>51</sup> free time political talks are mixed in with other public affairs, discussions, interviews, editorials, addresses and documentaries. Moreover, no distinction is made between those programs produced by parties, candidates or their advertising agencies on one hand, and those produced or controlled by broadcasters on the other.

Since the first hearings of the Aird Commission in 1928, there has been general agreement that broadcasters occupy a public domain and must be held responsible and accountable to that public. The significance of an effective system of reporting, disclosure and publication to such a purpose is obvious, as it is crucial.

## 2. Limitations imposed by the Legislation

In the absence of an effective reporting mechanism, the alternative has always been in the form of legislative controls and restrictions. The 1958 *Broadcasting Act*, aside from numerous other limitations on content, provides two limitations that apply to political broadcasts in particular.

(a) *Political Programming in Dramatized Form.* Since the stormy campaign for the general election of 1935 with its serious abuses of the new radio medium,<sup>52</sup> Parliament has been at pains to prevent any repetition, even at the cost of program flexibility and broadcasting technique. The relevant clause of the Act provides that a licensee may not "... broadcast in dramatized form any program, advertisement or announcement of a partisan

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<sup>49</sup> *Report of the Committee on Broadcasting*, 1965, (Fowler Committee), Ottawa, Queen's Printer, 1965, p. 97.

<sup>50</sup> *Ibid.*, p. 100.

<sup>51</sup> SOR/64-49, Schedule A, as amended by SOR/64-397;  
SOR/64-50, Schedule A, as amended by SOR/64-399;  
SOR/64-249, Schedule A, as amended by SOR/64-398.

<sup>52</sup> See report on the Sage case, and general findings, in Special Committee on the Canadian Radio Commission, April 30, 1936, *Minutes of Proceedings and Evidence*, 1936, No. 8, p. 237 *et. seq.*, especially at p. 248, and see also section II. A. 2. of this study.

political character.”<sup>53</sup> Obviously, argument on this question must turn on the interpretations of the phrase “in dramatized form” which have evolved over the years since 1936. For example, the case of a discussion or forum on a political subject, considered as dramatized form in March 1940, became permissible in July, 1947, on the basis of an opinion given by the Deputy Minister of Justice.<sup>54</sup>

At the request of the BBG, its former legal advisor gave this opinion with respect to a case arising in 1960:

The words requiring interpretation are “dramatized form” and I feel that these words are somewhat more limited in their application than might result from use of the word “dramatic” standing alone. In other words, I consider that the pertinent words define the *manner* of presentation as distinguished from the *effect* upon the viewer. In the eye of the beholder many things may have a dramatic effect which have no connection with dramatic form. In my opinion, the legislation in question is essentially directed towards controlling the manner, technique, structure and format of the presentation and does not endeavour to deal with the uncertain and intangible effect upon the viewer which the word “dramatic” in its widest sense would encompass.<sup>55</sup>

Subsequent to this opinion, the Board issued a ruling that “film material recording the normal activities of a candidate engaged in an election is not judged to be ‘in dramatized form’.”<sup>56</sup>

In the following year, the Board presented its *White Paper* on “Political and Controversial Broadcasting Policies” to be effective on Jan. 1, 1962. The provisions regarding dramatized form prohibit any unnecessarily theatrical devices, but the Board’s new and broader interpretation<sup>57</sup> does permit the following: (1) discussion, multiple speaker, or interview-type presentations, provided the sponsoring party takes responsibility for all participants; (2) visual materials such as graphics, charts and maps, provided the sponsoring party furnishes the requisite material and takes full responsibility for it; and (3) film and video tape clips, animation, slides, stills and discs, provided they depict or re-create real events.<sup>58</sup>

The Board summarized what it regarded as “unnecessarily theatrical” shortly thereafter in Circular No. 57, by which the following presentations were prohibited: (1) political cartoons, still or animated; (2) insertion of background music into a studio presentation, (again, unless it is part of the re-creation of a real event); (3) jingles in political broadcasts; (4) arranged dialogues between a speaker and an imaginary opponent; (5) role playing, i.e. assumption by a participant of, say, an opponent’s role to stimulate dialogue; (6) film presentation of a political opponent.<sup>59</sup> Inherent in the last provision is the principle that the party must take responsibility for the words and actions of those taking part in its program. That is the extent of limitation on dramatized form in political broadcasting. Perhaps not surprisingly, it is one area where all the agencies of

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<sup>53</sup> *Broadcasting Act*, 1958, c. 22, s. 17 (1)(a).

<sup>54</sup> Special Committee on Broadcasting, March 21, 1961, *Minutes of Proceedings and Evidence*, No. 11, Appendix “A”, 1960-61, pp. 302-3.

<sup>55</sup> Mr. A. B. R. Lawrence, letter to BBG, dated Oct. 13, 1960, quoted in *Ibid.*, p. 323.

<sup>56</sup> BBG Circular Letter No. 20, Oct. 27, 1960.

<sup>57</sup> Reportedly, this interpretation was given at the request of the parties; see the editorial, “Political Broadcasting,” published during the federal election by the *Globe and Mail*, May 18, 1962.

<sup>58</sup> Adapted from BBG *White Paper*, 1961, *op. cit.*, p. 4.

<sup>59</sup> Adapted from BBG Circular 57, Ottawa, Mar. 12, 1962.

broadcasting seem agreed, at least in opposition to the limitation. The common reaction appears to be that the clause in the Act prohibiting dramatized form, unamended since its enactment in 1936, is inconsistent with the development of television, and the new language of broadcasting techniques that has been devised. As a result, the audience has often been deprived of that kind of controversial programming capable of arousing greater public interest and involvement in political affairs. Dr. Stewart has suggested that even lighting in a television presentation might be construed as dramatization, and that the BBG is attempting to give a liberal interpretation to the clause.<sup>60</sup> Mr. T. J. Allard of the Canadian Association of Broadcasters reported that the limitations regarding dramatized political broadcasting make more difficult, if not impossible, the effective use of television, the situation being critical in Canada because of widespread competition for audience with stations in the United States<sup>61</sup>.

However, it seems clear that the problem cannot simply be legislated away. As in other areas of controversial broadcasting, the essential question remains as to the location of effective control over format and production. Subject to clearance by network authorities and the BBG, a free time political broadcast is normally under the control of a party or candidate, and may be produced either by their advertising agencies or by using network facilities. To control the public exposure of candidates and issues during a campaign is to be very powerful indeed. From these considerations, two very different kinds of political broadcasting emerge: 1. that, under the control of party or candidate; and 2. that, under the control of station or network. The latter case includes news and controversial public affairs programs produced by individual networks or stations on their own initiative; regulations governing these broadcasts are considered below. While the "dramatized form" provision applies to both kinds of political broadcasting, it is a particular obstacle for the party or candidate not otherwise familiar with professional broadcasting techniques.

In order to provide for a more diversified format in political programming, the Chairman of the CBC Board of Directors, Mr. Ouimet, had advocated the removal of the existing limitation on dramatized form, and in addition, the institution of "clinics" involving both broadcasters and political leaders.<sup>62</sup> Political leaders might thereby learn more effective broadcasting techniques and then try to apply them to campaign situations. However, the anxiety of the CBC regarding the requirements of impartiality, and the intermittent interest of political leaders, have hampered this development. In the first place, the Corporation must remain impartial in transmitting such professional knowledge equitably to all parties, even though this educational process is a particularly personal one involving both teaching and practical demonstrations. Secondly, the CBC tried out such a clinic some years ago, only to find that the political leaders were usually concerned with other matters and sent substitutes. These difficulties become especially marked during the campaign period when leaders cannot spare the necessary time and prefer to rely upon the advice of public relations consultants, who may often actually produce the free time programs in any case.

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<sup>60</sup> Dr. A. Stewart, Evidence before the Committee on Election Expenses, Ottawa, Sept. 22, 1965.

<sup>61</sup> Mr. T. J. Allard, Evidence before the Committee on Election Expenses, Ottawa, Sept. 21, 1965.

<sup>62</sup> Mr. A. Ouimet, Evidence before the Committee on Election Expenses, Ottawa, Nov. 26, 1965.



Clearly, public interest in political and controversial broadcasting has been stimulated through the rapidly developing methods of electro-journalism. Sophisticated devices of patterning, of juxtaposition and editing, are only now being explored. No one can predict what changes in form and cost of political broadcasting will result from this seemingly uncontrollable phenomenon. Attempts have been made by the CBC to prevent abuses by defining some permissible techniques, and attempting to limit their application.

Editing techniques enable us to compress and clarify, and to give greater point to, comments made by guests in statements or interviews; but they also involve an element of distortion, even when the object may be clarification.... In such cases, and especially when dealing with public figures whose words are "on the record", producers and program supervisors should indicate in some way that the material is not live and therefore not necessarily complete....

As a matter of policy, interviews with persons in public life... should be recorded at a pre-planned length for broadcast without deletion or editing, wherever it is possible to do so.<sup>63</sup>

Where the intense personal feelings of the public are involved in a particular subject, programs should avoid mixing satire with a serious or thoughtful examination of that subject.<sup>64</sup>

Editing and satire are offered merely as examples of a whole range of problems that arise to confront administrators. In a creative activity so powerful and dynamic, administrative attempts at supervision and control can scarcely do more than follow the new medium itself.

Effective political programming will be controversial, almost by definition. It must arouse public interest and discussion in order to justify its necessarily high costs. If it fails to do this, then it is useless to politicians and burdensome to broadcasters and the public.

(b) *The Pre-Election "Black-out Period"*. The Broadcasting Act stipulates that:

17. (1) No licensee shall

(b) broadcast a program, advertisement or announcement of a partisan political character on any day that an election is held for the election of a member of the House of Commons, the legislature of a province or the council of a municipal corporation or on the two days immediately preceding any such day.<sup>65</sup>

This provision produced a good deal of criticism from all sides of the House during the debate on the Act. Many thought at the time that overlapping municipal elections should not prevent political broadcasting at the provincial or federal level.<sup>66</sup> However, nothing was done either to implement a Broadcasting Committee recommendation<sup>67</sup> to amend the provision, or to enact (for example) the private bills submitted by Mr. H. C. Hanley (L. Halton), who also wished to change the legislation.<sup>68</sup>

<sup>63</sup> CBC Program Policy No. 65-3, *The Recorded Statement or Interview*, Ottawa, June 28, 1965, tabled before the Parliamentary Committee on Broadcasting in May, 1966.

<sup>64</sup> CBC Program Policy No. 66-2, *The Handling of Satire*, Ottawa, Jan. 3, 1966, tabled before the Parliamentary Committee on Broadcasting in May, 1966.

<sup>65</sup> *Broadcasting Act*, 1958, c. 22, s. 17(1)(b).

<sup>66</sup> See Canada, *House of Commons Debates*, August 26, 1958, p. 4115 *et seq.*

<sup>67</sup> Report of the Special Committee on Broadcasting, June 28, 1961. Recommendation 2 (h), *Minutes of Proceedings and Evidence*, 1960-61, p. 991.

<sup>68</sup> Cf. Bill C-100, December 19, 1962; Bill C-54, May 20, 1963; Bill C-25, February 20, 1964.



Part of the problem stems from the fact that the provision is also written more explicitly into the *Canada Elections Act*, which incidentally also applies to votes taken under the *Canada Temperance Act*.<sup>69</sup> Since the legislation is rather difficult to change, the measure has evolved somewhat by interpretation. In a statement of guiding principles issued to licensees for the 1965 election, the BBG announced that the restriction applies "to news items of a partisan political nature until polls are closed, and also to political spot announcements with the exception that unsponsored non-partisan announcements exhorting people to vote are admissible."<sup>70</sup>

The statement goes on to point out that the blackout period is not necessary for referenda or plebiscites unless they are held pursuant to the provisions of the *Canada Temperance Act*. Counsel for the BBG, Mr. W. C. Pearson, states that while the simple meaning of the provision would be that all political broadcasting cease for the period before any election in the country:

the Board feels that it is a question of the statements being made influencing electors in a particular area of jurisdiction, and therefore has adopted the policy of requiring stations which cover the area of the election to black out.<sup>71</sup>

Mr. Pearson continued that while the parties were losing coverage for national free time broadcasts, relief could only come from Parliament. The Board advised the Broadcasting Committee of the problem in 1960, but no amendment to the Act was forthcoming.<sup>72</sup> Mr. Ouimet was critical of a blackout period for the broadcasting media which does not apply to newspapers as well.<sup>73</sup>

Some evidence of infractions has been made available. In a 1962 Circular, the Board reported that it had been advised that political parties had sponsored regular programs such as news, sports and weather during and before the 1962 campaign. Licensees were advised that such sponsorship is prohibited during the blackout period.<sup>74</sup>

The CBC has maintained a much more detailed policy toward the blackout period; a policy that is more flexible than either the policy of the BBG or the provisions of the *Broadcasting Act*. In 1963 the CBC Program Council issued an interpretation of the pre-election period as it applies to free time, news and public affairs programming, which may be summarized as follows.<sup>75</sup>

(i) *In Political Broadcasts Proper*: Federal and provincial party broadcasts are permitted in the blackout period surrounding a municipal election, but participants should be required not to deal with issues of the municipal election. This is subject to review where a party appears to be "sponsoring" a municipal candidate, (the alleged plans of the New Democratic Party to enter municipal politics would become relevant here). However, the federal broadcasts would con-

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<sup>69</sup> *Canada Elections Act*, 1960, c. 39, s. 99 and s. 108(1).

<sup>70</sup> BBG Guiding Principles, 1965 Campaign, p. 3.

<sup>71</sup> Mr. W. C. Pearson, BBG Counsel, Correspondence with the Committee on Election Expenses, dated Oct. 21, 1965.

<sup>72</sup> *Ibid.*

<sup>73</sup> Mr. Ouimet, Evidence before the Committee on Election Expenses, Ottawa, Nov. 26, 1965.

<sup>74</sup> BBG Circular 65, June 11, 1962.

<sup>75</sup> CBC Program Policy No. 63-2, *Interpretation of "Blackout Period" on Day of Election and Two Days Preceding*, Ottawa, Sept. 4, 1963, tabled before the Parliamentary Committee on Broadcasting in May, 1966.

tinue to be blacked out in the periods surrounding provincial general elections and by-elections. The converse is true for provincial party broadcasts during the blackout period for a federal general election.

(ii) *In News Broadcasts*: The "legitimate news coverage" of significant political developments is permissible, subject to certain precautions to preserve impartiality. However, any coverage other than written items read by the announcer must be approved by the Chief News Editor.

(iii) *In Public Affairs Broadcasts*: The scheduling of commentaries and public affairs "features" on federal political matters is avoided during a federal blackout period, and similarly for provincial matters during a provincial blackout period. However, commentaries on federal matters during provincial blackout periods are allowed, and conversely as well, so long as the speaker or the program does not refer to issues, parties or personalities involved in the concurrent election. Overlapping may obviously occur, for example, where an issue is involved in both campaigns, but the rule is to omit any doubtful case.

(c) *Paid Political Broadcasting*. CBC networks have never been available for the purchase of time by political parties. However, local CBC-owned stations serving an area not covered by the private sector, have in the past made a limited amount of commercial time available to local candidates. Owing in part to the increasing number of private stations, the Corporation set down a policy of no commercial time for the 1965 campaign<sup>76</sup>, which was compensated for by an offer of increased time free of charge in areas not served by private stations.

The present legislation is silent with regard to payments for political broadcasts on private stations, although the provision for an equitable assignment of time would appear to imply an equitable assessment of fees. Reporting requirements of course, do include the report of financial information.<sup>77</sup> With further regard to private licensees, the BBG has adopted a former CBC resolution as follows:

No individual station may carry a paid political broadcast at the same time as a network free time political broadcast is being aired by a station serving the same community.<sup>78</sup>

Furthermore, these instructions indicate that stations may not be released from commitments regarding network sustaining or commercial programs for the sake of a local political broadcast without the consent of the network concerned. Prior to 1962, the CBC had the power to examine all station logs, and the reports on campaign broadcasting showed the contraventions of this provision by private stations. Eight radio stations in 1953, fifteen in 1957, and six in the 1958 campaign released local political broadcasts or announcements opposite network free time series programs. These contravened the CBC Guiding Principles and Policies, and the stations were notified and/or "charged" accordingly.<sup>79</sup> Explanations were received from offending stations which often indicated last minute changes in local station scheduling. Further contraventions may have taken place since 1958, but the BBG does not make such information available.

<sup>76</sup> The *CBC White Paper*, Program Policy No. 65-1, *op. cit.*, was amended on Oct. 18, 1965, to exclude the clause following "CBC stations are not available for paid political or controversial broadcasting" (IV, 1.). The excluded clause had previously excepted those CBC stations not in competition with private stations. However, this interim policy is not yet to be regarded as permanent.

<sup>77</sup> The *Broadcasting Act*, 1958, c. 22, s. 11(1)(i).

<sup>78</sup> *BBG White Paper*, *op. cit.*, p. 6.

<sup>79</sup> *Report on Federal Election Campaign, 1957*, CBC Broadcast Regulations Division p. 4, See also, the other reports from 1953 to 1958.

Commercial organizations or persons, other than candidates or parties may not purchase time for the broadcast of opinions. Network operators are similarly prevented from broadcasting their own editorials as such. And where non-commercial organizations or societies interested in public affairs do purchase time:

Each broadcast must be preceded and concluded by appropriate announcements making clear the nature and substance of the broadcast, and indicating that equal facilities are available on the same basis for the expression of opposing views.<sup>80</sup>

In its 1961 policy statement, the CBC Program Council recommended against sponsorship for . . .

- (1) News programs.
- (2) Public affairs forums, discussions or commentaries.
- (3) Talks or interview programs in which the full expression of controversial opinions may occur.
- (4) Programs dealing with consumer information or advice, including farm broadcasts.
- (5) Documentaries and dramatized documentaries dealing with social, political, economic or human relations questions in which contentious views or opinions may be explored.
- (6) Religious and certain institutional broadcasts.<sup>81</sup>

A year later, the Vice-President in charge of CBC programming wrote from Ottawa that the same prohibition would apply to the insertion of commercial announcements into such unsponsored programs, whether they are network or local. Exceptions to this rule are permitted only rarely where either the content is not of a contentious nature, or where the distinction between "sponsorship" and "commercial spot announcements" can be made evident.<sup>82</sup>

(d) *The Prohibited Use of Foreign Stations.* The *Canada Elections Act* prohibits the use of foreign stations for election purposes in the following words:

Every person who, with intent to influence persons to give or refrain from giving their votes at election, uses, aids, abets, counsels or procures the use of any broadcasting station outside of Canada, during an election, for the broadcasting of any matter having reference to an election, is guilty of an illegal practice and of an offence against this Act punishable on summary conviction as provided in this Act.

Where a candidate, his official agent or any other person acting on behalf of the candidate, with the candidate's actual knowledge and consent, broadcasts outside of Canada a speech or any entertainment or advertising program during an election, in favour or on behalf of any political party or any candidate at an election, the candidate is guilty of an illegal practice and of an offence against this Act punishable on summary conviction as provided in this Act.<sup>83</sup>

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<sup>80</sup> *BBG White Paper, op. cit.*, pp. 8-9.

<sup>81</sup> CBC Program Policy No. 61-2, *Sponsorship of Opinion Broadcasting*, dated Jan. 20, 1961, and tabled before the Parliamentary Committee on Broadcasting in May, 1966. In an accompanying memorandum prepared in Dec. 1960, Mr. Bernard Trotter, Supervisor of CBC Public Affairs wrote, "...we would be wrong, I think, to allow Canadian advertisers to jump on the public affairs bandwagon, for what might turn out to be an embarrassingly short ride. Our public affairs programs are part of the basic service we owe to the Canadian people. We cannot, in my opinion, allow an important part of our programming in this area to become directly dependent on advertiser interest."

<sup>82</sup> CBC Program Policy No. 62-2, *Advertising in Relation to Opinion Broadcasting*, dated Feb. 2, 1962.

<sup>83</sup> *The Canada Elections Act* 1960, c. 39, s. 99(1) (ii) and (iii).



At a meeting with representatives of the political parties prior to the 1953 federal election, the President of the CBC raised this issue, and the parties agreed mutually that their national organizations would not purchase time on television stations in the United States, and would actively discourage individual candidates from doing so.<sup>84</sup> In more recent elections, information has come to light that stations in the United States near the Canadian border were being used by local candidates. The Progressive Conservative, Liberal and Social Credit Parties used station KVOs in Bellingham, Washington, to beam a heavy concentration of spot announcements and a few programs at the Vancouver area during the final stage of the 1957 campaign. Some of this broadcasting was reported to have taken place during the official blackout period.<sup>85</sup> No prosecution appears to have been instituted under the provisions of the *Canada Elections Act*; nor was any action taken by the CBC upon these instances, except to include the information in its internal reports.

The BBG, which like the CBC, was given no powers in this area, does not appear to have continued to gather such data for elections since 1958.

### III. THE CANADIAN SYSTEM IN OPERATION

#### A. Introduction

##### 1. Dimensions of the System

The Canadian broadcasting system is composed of the public sector—the CBC—and the private sector—the so-called private broadcasters who own radio and television stations operated for a profit, but receive the right to use public assets, are subject to public control, and have the responsibility to perform a public service.<sup>86</sup>

These facilities reach a national audience through television receivers located in 91% of Canadian homes and through household radios owned by 96% and car radios owned by 62% of all households.<sup>87</sup>

No analysis can be made here of the effects of political broadcasting upon this audience, nor of the extent to which radio and television have altered the forms of political information, the structure of parties, their strategies and leadership. It need only be observed that broadcasting is an essential part of modern life, and that the potential for its political use, as well as misuse, has thus far been scarcely explored.

Because the audience is widely scattered across the country, the facilities necessary to reach it are extensive and costly. Leaving aside the question of just how integrated they really are, we know that as at April 1965, these elements consisted of 665 radio and television transmitters, of which 269 were unattended

<sup>84</sup> *Report on the Federal Election Campaign, 1953*, CBC Broadcast Regulations Division, Toronto, 1953.

<sup>85</sup> *Report on the Federal Election Campaign, 1957*, CBC Broadcast Regulations Division, Ottawa, 1957.

<sup>86</sup> *Report of the Committee on Broadcasting, 1965*, *op. cit.*, p. 95.

<sup>87</sup> *Ibid.*, pp. 68-69. (Dominion Bureau of Statistics, as at May, 1964, reprinted in Table 3.1).



relay posts, and 396 were stations originating programs. Excluding 5 CBC shortwave, 5 CBC FM, and 49 privately owned FM stations, there were 337 originating stations.<sup>88</sup>

TABLE 1  
TELEVISION AND AM RADIO STATIONS IN CANADA  
(originating programs as at Nov. 1, 1965)

	Television			AM Radio		
	English	French	All	English	French	All
All Stations	59	16	75	203	56	259
<i>Public Sector</i>						
CBC Stations.....	12*	5	17	25	6	31
CBC Affiliates.....	35†	8	43	55	26‡	81
Total.....	47	13	60	80	32	112
<i>Private Sector</i>						
CBC Affiliates.....	35	8	43	55	26	81
CTV Affiliates.....	11	—	11	—	—	—
Unaffiliated.....	1	3	4	123	24	147
Total.....	47	11	58	178	50	228

\*Including CFLA-TV Goose Bay, and CBWBT Flin Flon, Man., (served by one-week delayed tapes), and CFSN-TV Harmon Field, Nfld.—none of which are commercial stations.

†Including 24 basic and 11 supplementary affiliates, but excluding the network relay stations at Labrador City, Schefferville and Churchill, and the off-air pick-up station at Antigonish which rebroadcasts CJCB-TV, in Sydney, N.S.

‡Including the day and night Gravelbourg stations as one, and the other four non-commercial stations on the French network.

SOURCE: CBC Fact Sheet, Nov. 1, 1965, No. 11; and from statistics supplied to the Committee on Election Expenses by the CBC, Dept. of Station Relations, Ottawa.

Programming for the stations in Table 1 was extended through auxiliary relay stations as follows: the 17 CBC TV stations by 33 relays and their 31 AM stations by 133 relays; and the 58 private TV stations by 120 relays, with 5 relay stations for the remaining 228 private AM stations. The potential of the system to reach Canadian electors has been described this way: "Probably no country in the world, other than the United States, has more television and radio broadcasting stations in relation to its total population . . . 94% of Canadians are within range of television and 98% within range of radio signals."<sup>89</sup> We must now turn to the problem of the extent to which these facilities are used for political purposes.

<sup>88</sup> *Ibid.*, p. 71. By counting the alternating day and night stations at Gravelbourg, Sask., as one, and by excluding the two privately owned rebroadcasting stations that simply repeat the programming of two private French parent stations, the total becomes 334 originating TV and AM radio stations. These were distributed among networks during the 1965 campaign as shown in Table 1.

<sup>89</sup> *Ibid.*, p. 72.

## 2. The Channels of Movement

Administrative agencies and investigating committees have found great difficulty in assigning categories to cover the broad and changing spectrum of programming. Expression through the broadcasting media remains an essentially creative activity. As a result, the languages of expression cannot be static, and program content naturally resists categorization, even though this may be necessary. A program analysis which was compiled in 1956 used twenty-one categories and twenty-four sub-categories. Of these, only two are political, and they include some nonpolitical content. From overall results, the percentages in Table 2 have been derived.

TABLE 2  
PERCENTAGES OF TOTAL TIME SPENT IN THE POLITICAL CATEGORIES,\*  
BY CLASS OF STATION, FOR THE WEEK JAN. 15-21, 1956

<i>CBC Radio Stations†</i>							
	English Network				French Network		
	Trans Canada	Dominion	All				
Cat. 1.....	9.5	6.5	8.9		5.7		
Cat. 4.....	2.8	1.1	2.4		2.8		
<i>Private Radio Stations†</i>							
	English Network					French Network	
	Trans Canada	Dominion	Unaffil.	All	Network	Unaffil.	All
Cat. 1.....	11.2	11.8	12.6	12.0	8.9	9.8	9.2
Cat. 4.....	1.4	1.3	0.5	1.0	2.1	0.6	1.4
<i>Television Stations‡</i>							
		CBC English	CBC French		Private English		Private French
Cat. 1.....		5.0	5.3		5.9		7.8
Cat. 4.....		1.9	1.9		1.4		1.0

\*It is to be noted that all programs in category 4, (political and other controversial public affairs), have a flavour of controversy because of their posture in the political, economic, and social scene; category 1, (news and weather), includes programs reporting on current local regional, national or international events, as well as sports scores or other factual data only when it forms an integral part of the newscast and is less than five minutes duration.

†Tables II-2, II-3, II-4 and II-4A pp. 80 to 83 of Part II.

‡Tables II-2 and II-3A pp. 74 to 75 of Part I.

SOURCE: Royal Commission on Broadcasting, 1957, Basic Tables: Television and Radio Programme Analysis, Compiled by Dallas W. Smythe.

Since this kind of research and reporting has not since been undertaken by the BBG, as the 1957 Royal Commission had hoped, comparative figures for the present time are not available. While numbers one and three of the BBG program categories are very roughly comparable,<sup>90</sup> the Board has chosen not to report on the results of its program log examinations. However, the CBC has made available a program breakdown for CBC-owned stations using the BBG categories. This may be tabulated from 1962 to 1965 as follows:

TABLE 3  
PERCENTAGES OF TOTAL TIME SPENT IN THE BBG POLITICAL CATEGORIES,\* FOR THE WEEK FEB. 7-13, 1962-65.

		CBC Radio Stations†		CBC Television Stations†	
		English	French	English	French
		%	%	%	%
Cat. 1: (News and Weather)	1962.....	12.153	8.652	6.403	5.143
	1963.....	13.150	11.126	6.399	6.630
	1964.....	13.488	10.882	5.856	7.046
	1965.....	13.657	9.418	6.317	6.116
Cat. 3: (Public Affairs & Talks)	1962.....	22.670	14.906	16.542	16.333
	1963.....	17.557	6.778	9.586	12.853
	1964.....	18.505	5.762	12.718	13.040
	1965.....	17.970	14.465	13.711	11.732

\*As described in Schedule A of Regulations SOR/64-49, -50, and -249, as amended by SOR/64-397, 64-398, 64-399 respectively as follows: Cat. 1: "News and news commentaries including news-casts, news reviews and road, weather and market reports;" cat. 3: "Public affairs including talks, discussions, interviews, editorials, addresses and documentaries." Sports scores and critical evaluation of public affairs were excluded from these two categories by the 1964 amendments.

†17 English and 6 French Radio, and 12 English and 5 French Television stations, all owned by the CBC, were included in the percentages. Of these, 1965 data was unavailable for 2 English TV stations, one English TV station was not broadcasting in 1962, and 2 English Radio, 1 English TV, 1 French Radio, and 1 French TV station were broadcasting in 1965 only.

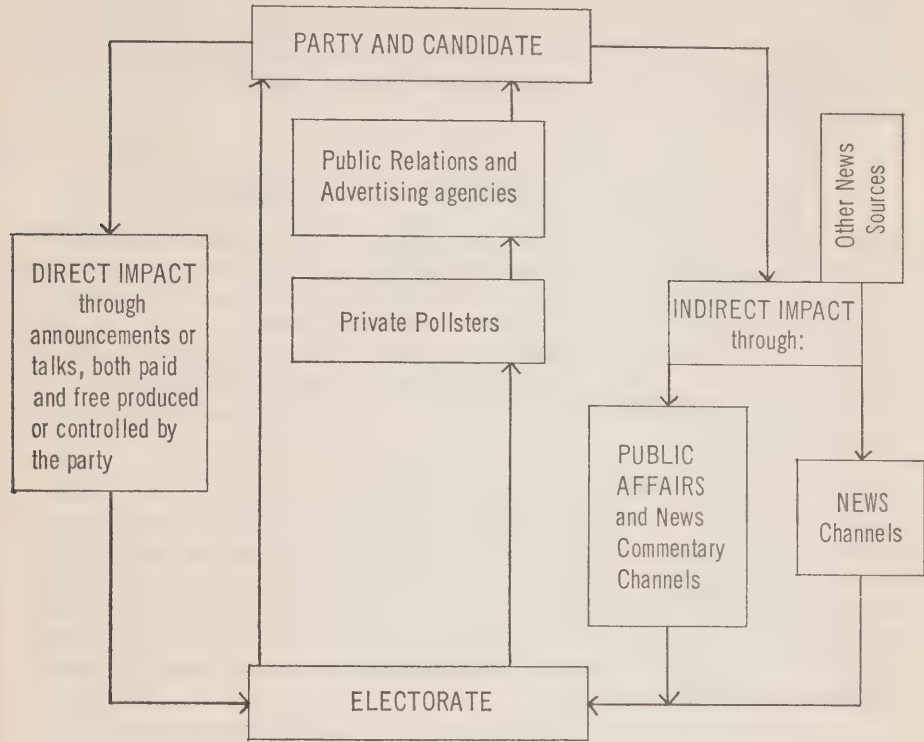
SOURCE: Computed from data supplied by CBC Station Relations, Ottawa, Nov. 1965 and May, 1966.

These figures serve to indicate the proportion of programming content that may be called political. A more detailed look at program content would require information that is not reported, and definitions (of words like "political" and "controversial") that involve the intent of the producer and the impressions of the viewer and must therefore remain somewhat nebulous. However, the semantic dilemma of content analysis, for our purposes, can be at least partially avoided by looking into the forms or channels of movement of all political information. By asking the vital questions: Who produced it? Who controlled its format? Who paid for it? A framework emerges within which what we do know of political broadcasting can be meaningfully offered.

This framework can usefully be depicted in the form of a flow chart.

<sup>90</sup> See Section II.B.1.(c) on "Reporting" *supra*, in this study. The brief 1949 programme analysis undertaken for the Massey Royal Commission applied categories that are not useful to compare with current political programming.

**SIMPLIFIED FLOW CHART FOR THE MOVEMENT  
OF POLITICAL INFORMATION THROUGH THE BROADCASTING MEDIA**



The structures and functions of the party and broadcasting organs cannot be analyzed here, though they must obviously be crucial to the function of this system. In general terms the flow to the left on Chart 1 is under party control, though still subject to the regulations outlined in Section II. The party strategists and advertising consultants present a considered image and posture on selected issues. Feedback from the electorate is often facilitated by the use of polling procedures.

By contrast, the flow to the right is marked by the intervention of broadcasters and journalists, and in so far as the party is concerned, an uncontrolled format and spectrum of issues. The general election campaign represents an intensification of this process; and of course the climactic and most important feedback from the electorate takes the form of voting results. From the point of view of election expenses, all channels through which political information flows are relevant.



In political broadcasting, as elsewhere, time is an economic commodity which may be allocated in various ways to give public exposure to candidates and issues. In this process, the public-relations image may be as vital as the hard news item. Both must be given exposure, which is expensive either to the party, the broadcaster or the public. A comprehensive statistical account of media costs will be provided below. However, in terms of cost, party talks and announcements are the most important items, though they may be less effective than the indirect channels not under party control.

## B. Free Time Provided by the Public Sector During Campaigns

Under the present BBG Regulations, no public or private network operator is obligated to allocate free time for political broadcasting; however, if broadcasts are given free of charge, they must be arranged "... by agreement between the network operator and representatives of interested political parties."<sup>91</sup> In the event of disagreement, the matter is referred to the Board for a decision. Apparently, only two appeals have been made by political parties during the BBG's existence. In both cases, the Board upheld the allocation made previously by the network.<sup>92</sup>

### 1. Allocated to Parties by the CBC National Networks

The Canadian Broadcasting Corporation in pursuance of its mandate, provides "... for adequate presentation of the policies of the national political parties . . ."<sup>93</sup> by making free time available on its national networks during election campaigns. Private affiliated stations must carry this programming, and other private stations may carry it free of charge, provided they take the whole series. Parties defy easy definition; however, the CBC describes those which may benefit from its services as:

... bona fide parties... national in extent... which reflect a substantial body of opinion throughout the country... such parties would meet all of the following requirements:

- i. Have policies on a wide range of national issues.
- ii. Have a recognized national leader.
- iii. Have a nation-wide organization established as the result of a national conference or convention.
- iv. Have representation in the House of Commons.
- v. Seek the election of candidates in at least three of the provinces and put into the field at least one candidate for every four constituencies.<sup>94</sup>

With the exception of House of Commons representation, these requirements are substantially the same as those set out by a 1939 Committee which consisted of CBC and party representatives, set up to decide on the definition.<sup>95</sup> A requirement for at least 61 officially nominated candidates was dropped after the 1944 election because it excluded a regionally successful party. The requirement that a party present candidates in at least three provinces was overlooked as a

<sup>91</sup> *BBG White Paper, op. cit.*, p. 4.

<sup>92</sup> Mr. W. C. Pearson, BBG Counsel, letter to the Committee on Election Expenses, Oct. 25, 1965. The first appeal involved the allocation of CBC free time for the 1962 federal election; and the second involved the application of the Social Credit Party for equal allocation of inter-campaign free time on the program, "The Nation's Business."

<sup>93</sup> *CBC White Paper*, Rvds. Jan. 19, 1965, *op. cit.*, pp. 6-7.

<sup>94</sup> *Ibid.*, p. 5.

<sup>95</sup> See the Special Committee on Radio Broadcasting, *Minutes of Proceedings and Evidence*, No. 2, Ottawa, Mar. 22, 1944, p. 70.

result of the split within the Social Credit Party and the emergence of the Ralliement des Cr ditistes as a separate parliamentary grouping prior to the 1965 election.

A parallel problem is presented by splinter or extremist groups. An unsuccessful motion put by Mr. Fleming in 1955 will serve to indicate the direction of this concern:

*The Committee, while affirming the principle of freedom of expression, cannot fail to take note of the fact that the present regulations respecting political broadcasts have been used by the Communists to obtain free network time at public expense for the so-called Labour Progressive [Communist] Party by the device of nominating straw candidates in general elections. The Committee also notes that in the recent general election in the United Kingdom no free time was given by BBC to the Communist Party. The Committee recommends that consideration be given by the Board of Governors to the revision of the regulations in such a manner as to prevent their being circumvented for this purpose.<sup>96</sup>*

Since the BBG has assumed the role of arbiter in case of appeals, the CBC has interpreted its own regulations flexibly. The provision of time to the Ralliement des Cr ditistes for the 1965 campaign signifies the Corporation's willingness to contravene its own regulations to avoid controversy.

The following procedure has been established for the allocation of free time to parties during election campaigns. When elections are announced, the CBC invites the party leaders or their representatives to meet with the Corporation in order to discuss the allocation of free time to the parties. For the 1965 general election, this meeting took place on September 14, 1965. At the conference, Corporation representatives make known the amount of free time in terms of the number of periods of varying lengths that will be made available to the parties. Each party in turn states the number of broadcasts to which it believes it is entitled. If the parties are unable to reach an agreement, the Corporation makes a suggestion which the parties may either accept or reject. In the case of a rejection or other disagreement, the matter is referred to the BBG which has never revoked a CBC decision in this regard.

The number of free periods is always dependent on the number of political parties and must be readily divisible to facilitate distribution. The guiding principle has been to allocate 40% of the available time to the Government party, with 60% divided equitably among the Official Opposition and the minor parties. Where only two parties qualify, an equal division of periods is normally made.

NOTE: The guiding principle for the allocation of time is the same for provincial campaigns, as illustrated in the following answers to questions asked in the House of Commons. *House of Commons Debates*, Q. 320 March 21, 1966, p. 2919, and June 6, 1966, pp. 5979-5980.

Question No. 320—**Mr. Caouette:**

1. Did the C.B.C. offer, free of charge, periods of time to the various provincial political parties during the last election in each province?
2. If so, how many hours were allocated to each party in each province?
3. What is the cost of these hours based on the rates of rental for every provincial party in each province during the last provincial election in these provinces?

**Hon. Judy V. LaMarsh (Secretary of State):** I am informed by the Canadian Broadcasting Corporation and the Board of Broadcast Governors as follows:

1. Yes.

<sup>96</sup> Special Committee on Broadcasting, *Minutes of Proceedings and Evidence*, No. 13, June 16, 1955, p. 808. [Italics in original]

## 2. HOURS ALLOCATED TO EACH PARTY IN EACH PROVINCE

### English and French radio and television

	Network					Local			
	Lib.	P.C.	U.N.	N.D.P.	S.C.	Lib.	P.C.	N.D.P.	S.C.
Newfoundland [1962]...	2:15	2:15	—	1:15	—	:30	:30	—	—
Prince Edward Island [1962].....	1:30	1:30	—	—	—	—	—	—	—
Nova Scotia [1963].....	1:40	1:55	—	1:25	—	:15	:15	:15	—
New Brunswick [1963] 3:00	3:00	3:00	—	—	—	—	—	—	—
Quebec [1962].....	5:30	—	4:30	—	—	—	—	—	—
Ontario [1963].....	2:50	3:20	—	1:50	—	:30	:30	:30	—
Manitoba [1962].....	1:00	1:30	—	1:00	:30	:15	:15	:15	:15
Saskatchewan [1964].....	1:15	:45	—	1:30	:30	—	—	—	—
Alberta [1963].....	1:00	1:00	—	1:00	2:00	—	—	—	—
British Columbia [1963] 1:22½	1:07½	—	1:37½	1:52½	—	:22½	:22½	:37½	:37½

### 3. To be answered later, [below].

Further information was provided on June 6, as follows:

The C.B.C. does not sell time for political broadcasting and does not normally attempt to place a monetary value on such broadcasts. However, if commercial rates in effect at the time of the last provincial election campaign in each province were applied to the hours of broadcasting, the cost to each party would have been approximately as follows:

	Lib.	P.C.	U.N.	N.D.P.	S.C.
Newfoundland.....	\$ 420	\$ 420	\$ —	\$ 215	\$ —
P.E.I.....	450	450	—	—	—
Nova Scotia.....	1,480	1,790	—	1,170	—
New Brunswick.....	2,180	2,180	—	—	—
Quebec.....	16,000	—	13,255	—	—
Ontario.....	17,500	21,100	—	10,200	—
Manitoba.....	860	1,275	—	860	450
Saskatchewan.....	1,570	940	—	1,890	630
Alberta.....	1,800	1,800	—	1,800	3,600
British Columbia.....	1,450	1,185	—	2,000	2,270

The parties have generally preferred to accept Corporation proposals. At the 1965 meeting with party leaders, the CBC made available to all parties then represented in the House of Commons, 22 quarter-hour periods on its English and French television networks, and 44 five minute periods on its English and French radio networks which were divided as in Table 4.

TABLE 4  
SUMMARY OF FREE TIME ALLOCATED TO POLITICAL  
PARTIES DURING THE 1965 ELECTORAL CAMPAIGN\*

Political Parties	CBC English and French Television Networks			CBC English and French Radio Networks		
	Periods	Hours	%	Periods	Hours	%
Liberal.....	9	2:03	34.2	16	1:25	34.0
P.C.....	8	1:42	28.3	14	1:10	28.0
N.D.P.....	5	1:05	18.1	9	:45	18.0
S.C.....	3	:35	9.7	5	:25	10.0
R.C.....	3	:35	9.7	5	:25	10.0
Total.....	28	6:00	100	49	4:10	100

\*Including preliminary statements of party leaders on Sept. 7, 1965.

SOURCE: From statistics provided to the Committee on Election Expenses by CBC, Department of Station Relations, Ottawa.

The total amount of time provided on television has remained roughly the same since the 1957 federal election campaign, (about 6 hours for each network) but it has diminished consistently on the radio networks. While radio free time amounted to 12 hours on each network in 1957, it reached a low of 3 hours and 40 minutes during the 1965 electoral campaign. This can be seen, along with the changing party positions, in Table 5.

It may be noted in passing that an offer of free television time made by the CBC at the meeting with party representatives in 1953, actually met with a negative response from all party representatives present.

TABLE 5  
SUMMARY OF FREE TIME ALLOCATED BY THE CBC ENGLISH AND FRENCH NETWORKS DURING THE LAST FIVE FEDERAL ELECTION CAMPAIGNS\*

Party	1957		1958		1962		1963		1965	
	Hours	%	Hours	%	Hours	%	Hours	%	Hours	%
<i>Radio†</i>										
Liberal.....	3:45	31.3	2:45	30.6	1:45	29.2	1:30	30.0	1:15	34.1
P.C.....	3:30	29.2	3:00	33.3	2:15	37.5	1:45	35.0	1:05	29.5
CCF-NDP.....	2:30	20.8	1:45	19.4	1:15	20.8	:52½	17.5	:40	18.2
S.C.....	2:15	18.8	1:30	16.7	:45	12.5	:52½	17.5	:20	9.1
R.C.....	—	—	—	—	—	—	—	—	:20	9.1
Total.....	12:00	100	9:00	100	6:00‡	100	5:00	100	3:40	100
<i>Television</i>										
Liberal.....	2:00	33.3	1:45	29.2	1:45	29.2	1:30	30.0	1:52½	34.1
P.C.....	1:45	29.2	2:00	33.3	2:15	37.5	1:45	35.0	1:37½	29.5
CCF-NDP.....	1:15	20.8	1:15	20.8	1:15	20.8	:52½	17.5	1:00	18.2
S.C.....	1:00	16.7	1:00	16.7	:45	12.5	:52½	17.5	:30	9.1
R.C.....	—	—	—	—	—	—	—	—	:30	9.1
Total.....	6:00	100	6:00	100	6:00	100	5:00	100	5:30	100

\*CBC French and English network allocations were similar, except as in note ‡ below. Preliminary statements by party leaders would be excluded from these figures.

†The Northern Service (English) also carried these broadcasts.

‡There were an additional 2:05 hours on the Dominion Network, (English), allocated among parties on approximately the same basis.

SOURCE: *Reports on the Federal Election Campaign: 1957, 1958, 1962, 1963, 1965*. CBC Station Relations, Ottawa.

Occasionally, a regional party has been interested in only one of the networks. At the meeting held at Ottawa in September, 1965, party spokesmen proposed that since some parties were contesting the election largely on a regional basis, the time should be divided separately on the English and French networks.



In response, the Chairman of the meeting made a significant statement on behalf of the Corporation:

CBC's view is that it is a national broadcasting system, that it is dealing with national parties, and that it is in the interests of the whole country that the views of the parties should be made known to the audience on a national basis. Therefore the allocation of network time would be the same on both the English and French networks.<sup>97</sup>

Furthermore, it has always been understood that parties would not be permitted to exchange broadcasts on one network for those on another. In the 1965 general election, Social Credit had no French-speaking candidates, and desired to give its free period on the French network to an Independent, Dr. Marcoux, who had formerly been a Social Credit Member of Parliament. His participation was authorized, provided he would appear as a party spokesman and not take the opportunity to further his personal campaign. He was required to speak not as an Independent candidate, but as a spokesman for the party with which he no longer had a formal connection. This situation is in part a reflection of the breakdown of the nation-wide two party system, and the emergence of regionally based political groupings which are difficult to encompass in a legal or regulatory formula.

The time allocated to a party is then divided by the leadership among the various party spokesmen and candidates, entirely at the discretion of the leader.<sup>98</sup> However, party control over free time is subject to the general regulations covered in Section II (B) of this study. These free time periods may be termed "party programs" in the same sense as those produced during time paid for by the party itself. In contrast with controversial or public affairs programs produced by the stations and networks, the party-produced programs provide a direct channel to the electorate without the former's intervention.

Detailed statistics regarding paid and free political broadcasting by the private and public sectors in the 1965 campaign have been provided to the Committee by the Board of Broadcast Governors and the Canadian Broadcasting Corporation. The imputed value of the free time made available by the public sector to the parties is summarized in Table 6, broken down by party, number of periods, amount of time, and imputed value. "Network Value" is the imputed commercial value of the time, micro-wave, line facilities and production costs to the network itself; "CBC Station Time Value" refers to the share of the network rates that would normally be paid to CBC-owned stations by the Corporation for carrying sponsored network programs, less applicable discounts in accordance with the relevant network affiliation agreements. The private station time values for CBC affiliated private stations are not included with the CBC figures in Table 6, having been reported to the BBG, and summarized with all private station figures in Table 12. Bearing in mind this lacuna, the total imputed value of CBC Radio and Television network free time allocated to parties in the 1965 campaign totalled \$177,197. The breakdown of this figure by recipient parties and network is provided in Table 6.

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<sup>97</sup> From Minutes of the Meeting with Representatives of Federal Political Parties, chaired by Mr. D. L. Bennett, Director, CBC Program Policy, at Ottawa, Sept. 14, 1965.

<sup>98</sup> M. Ouimet, Evidence given before the Committee on Election Expenses, Ottawa, Nov. 26, 1965.

TABLE 6  
CBC NETWORK FREE TIME BROADCASTS, ALLOCATED TO PARTIES FOR THE 1965 GENERAL ELECTION

Party	Periods	Hours	Network Value	Station Time Value*	Periods	Hours	Network Value	Station Time Value*	Total Values
	<i>CBC English Radio Network</i>				<i>CBC French Radio Network</i>				
Liberal.....	16	1:25	\$ 2,750	\$ 2,126	16	1:25	\$ 1,294	\$ 804	\$ 6,974
P.C.....	14	1:10	2,354	1,816	14	1:10	1,088	677	5,935
N.D.P.....	9	:45	1,544	1,204	9	:45	723	447	3,918
S.C.....	5	:25	826	641	5	:25	385	242	2,094
R.C.....	5	:25	826	641	5	:25	385	242	2,094
Total.....	49	4:10	\$ 8,300	\$ 6,428	49	4:10	\$ 3,875	\$ 2,412	\$ 21,015
	<i>CBC English TV Network</i>				<i>CBC French TV Network</i>				
Liberal.....	9	2:03	\$27,773	\$ 9,048	9	2:03	\$11,992	\$ 3,847	\$ 52,660
P.C.....	8	1:42	23,716	7,653	8	1:42	10,091	3,252	44,712
N.D.P.....	5	1:05	15,101	4,872	5	1:05	6,394	2,071	28,438
S.C.....	3	:35	8,069	2,646	3	:35	3,346	1,125	15,186
R.C.....	3	:35	8,069	2,646	3	:35	3,346	1,125	15,186
Total.....	28	6:00	\$82,728	\$26,865	28	6:00	\$35,169	\$11,420	\$156,182
Total Values.....			\$91,028	\$33,293			\$39,044	\$13,832	\$177,197

\*Totals for the 25 English and 6 French CBC-owned radio stations, and for the 12 English and 5 French CBC-owned television stations.  
Source: From statistics provided to the Committee on Election Expenses by the CBC, Department of Station Relations, Ottawa.

NOTE: There is apparent discrepancy between the figures supplied to the Committee on Election Expenses by the CBC, and those given in the House of Commons by the Secretary of State, Hon. Judy V. LaMarsh on February 2, 1966, (p. 577), in response to a question posed by Mr. Réal Caouette, M.P., leader of the Ralliement des Créditistes:

Question No. 85—**Mr. Caouette:**

1. How much time did the C.B.C. allocate free of charge to each political party on the two national networks during the official campaign period for the 1965 federal election?
2. How much money does such free time represent according to the rates in effect at that time?

[Translation]

**Hon. Judy V. LaMarsh (Secretary of State):** During the official campaign period for the 1965 federal election, the C.B.C. allocated 3 hours and 40 minutes of network free time on each of its two national radio networks and 5 hours and 30 minutes of network free time on each of its two national television networks. Distribution among the parties was as follows:

Radio: Liberal, 1.15 hours; P.C., 1.05 hours; N.D.P., 40 minutes; Social Credit, 20 minutes; Ralliement des Créditistes, 20 minutes.

Television: Liberal, 1.52½ hours; P.C., 1.37½ hours; N.D.P., 1.00 hour; Social Credit, 30 minutes; Ralliement des Créditistes, 30 minutes.

2. The C.B.C. does not sell time for political broadcasting and does not normally attempt to place a monetary value on such broadcasts. However, if current network rates were applied to the hours of broadcasting listed in part 1 the cost of network time and lines or microwave facilities would be: English Radio Network, \$25,094.00; French Radio Network, \$10,799.00; English Television Network, \$130,592.00; French Television Network, \$39,811.00.

The following information may explain these discrepancies. The differences in times allocated are accounted for by the fact that the statements of the party leaders following dissolution on September 7, 1965, are not included in the above answer. The higher values in the answer given to Mr. Caouette however, arise from the fact that the Corporation appears not to have deducted the normal agency commissions, though applicable discounts were applied in calculating the sums quoted to Parliament; these commissions were deducted in the data for Table 6.

## *2. Free Time Allocated to Local Candidates by CBC-owned Stations*

The CBC also makes available free local broadcasts to candidates from national political parties standing for election in ridings served by radio and television stations owned by the Corporation. To qualify for such broadcasts, a political party must have candidates in the ridings concerned; in 1965 the Social Credit Party was unable to obtain local broadcasts in Quebec or Montreal where it had no candidates. These broadcasts give local candidates an opportunity to make themselves known and provide coverage for local issues. Party leaders are not permitted to take part in local broadcasts.

Free local broadcasts are allocated following agreement between the Corporation and local party organizers. This procedure involves a small number of people, and the matter is settled informally without difficulty. The proportion of free time varies with the station, and the candidates are not necessarily given the same amount of time; however, an equitable allocation of the time is received. Appeals regarding equitable allocation can be taken to the BBG under section 11(1) (d) of the *Broadcasting Act*.

Table 7 indicates the use of free time on CBC television stations by local candidates from each party in the last three federal general election campaigns.

TABLE 7

FREE TIME PROVIDED LOCALLY BY CBC-OWNED TELEVISION STATIONS  
DURING THE LAST THREE FEDERAL ELECTION CAMPAIGNS

<i>English Television Stations*</i>							
Candidate	1962		1963		1965		
	Hours	%	Hours	%	Hours	%	
Liberal.....	7:41	30.1	5:17½	29.5	9:27	35.5	
P.C.....	8:30½	33.3	5:50	32.6	8:51	33.2	
N.D.P.....	5:46½	22.6	4:10	23.3	4:19	16.2	
S.C.....	3:35	14.0	2:37½	14.7	3:17	12.3	
R.C.....	—	—	—	—	:45	2.8	
Total.....	25:33	100	17:55	100	26:39	100	
<i>French Television Stations*</i>							
Liberal.....	1:37½	28.3	1:37½	27.1	2:15	28.1	
P.C.....	1:52½	32.6	1:52½	31.3	2:22	29.6	
N.D.P.....	1:12½	21.0	1:22½	22.9	1:53	23.5	
S.C.....	1:02½	18.1	1:07½	18.8	:15	3.1	
R.C.....	—	—	—	—	1:15	15.6	
Total.....	5:45	100	6:00	100	8:00	100	
Total Hours.....	31:18		23:55		34:39		

\*Time provided by stations as follows: 1962 and 1963—10 English, 3 French; and 1965—12 English, 5 French, excluding Northern Service.

SOURCE: CBC Reports on Federal Election Campaigns, *op. cit.*

Candidates did not avail themselves of local free time on CBC radio stations. During the last three federal election campaigns, free political radio programs were broadcast only on the Newfoundland stations and the Northern



Service.<sup>99</sup> It should be noted that both of these involve areas not met by private station competition. However, it may be that candidates are not aware of the availability of these facilities and further, the CBC local radio stations, especially in large cities, do not formally invite them to use such facilities.

The increased use of television has been paralleled by a decrease in the use of radio, and has meant increasing costs to the public. The amounts and value of time allocated by CBC stations to local candidates in the 1965 general election are summarized in the following table.

TABLE 8  
FREE TIME PROVIDED LOCALLY BY CBC-OWNED STATIONS\* DURING  
THE 1965 GENERAL ELECTION

Candidate	Periods	Hours	Value	Periods	Hours	Value	Total Values
	<i>English Radio Stations</i>			<i>French Radio Stations</i>			
Liberal.....	91	16:28	\$ 769	7	:35	\$ 74	\$ 843
P.C.....	82	14:38	644	6	:30	64	708
N.D.P.....	37	4:20	240	3	:15	32	272
S.C.....	41	4:10	319	—	—	—	319
R.C.....	—	—	—	—	—	—	—
Total.....	251	39:36	\$ 1,972	16	1:20	170	\$ 2,142
	<i>English TV Stations</i>			<i>French TV Stations</i>			
Liberal.....	31	9:27	\$ 8,509	13	2:15	2,717	\$11,226
P.C.....	49	8:51	7,526	14	2:22	2,688	10,214
N.D.P.....	24	4:19	5,517	12	1:53	2,475	7,992
S.C.....	15	3:17	2,354	1	:15	155	2,509
R.C.....	6	:45	1,704	9	1:15	2,255	3,959
Total.....	125	26:39	\$25,610	49	8:00	\$10,290	\$35,900
Total Value.....			\$27,582			\$10,460	\$38,042

\*Totals for the 25 English and 6 French CBC-owned radio stations, and for the 12 English and 5 French CBC-owned television stations.

SOURCE: CBC, Department of Station Relations, Ottawa, *op. cit.*

The imputed value of all local free time CBC station broadcasts in the 1965 federal general election was reported to be over \$38,000.

<sup>99</sup> In 1965 only two radio stations (CFDR, Prince Rupert and CBAF, Moncton) broadcast respectively 40 and 80 minutes of free local political talks.

### 3. Network and Local CBC Public Affairs Time

An analysis of campaign broadcasting in the public sector would be seriously incomplete without mention of the role of news and public affairs broadcasting. These avenues for providing public exposure of the candidate and his party are different in kind from the free or paid party broadcasts. In the case of "public affairs," the programs are not allocated to political parties but are "conceived, organized, produced and broadcast by the Corporation under its overall responsibility to inform Canadians on events taking place in the country."<sup>100</sup> The new forms of electro-journalism have also opened a wide spectrum of possibilities for political broadcasting; the locus of control being firmly in the hands of the broadcasters.

It is CBC policy that appearances of candidates during a federal campaign should be limited to free time, news and public affairs programs. The Department of Public Affairs must give permission for appearances on, for example, a farm broadcast, which might deal with farm issues in the campaign. "The essential point is that all such appearances must be under central supervision in each area."<sup>101</sup>

The analysis of the content of news and public affairs programs, involving journalists, interviewers and others as well as candidates and party spokesmen who participated in the presentation of facts and issues related to the election campaign, presents considerable technical difficulties and is beyond the scope of this study. Nevertheless, it is clear that appearances on programs such as "This Hour has Seven Days" or "The Men and the Issues" do provide advantages to candidates and parties. While no material is available for newscasts, statistics for CBC public affairs broadcasts which involved federal politicians in the 1965 campaign are presented in Table 9 (Statistics for the private sector are discussed in Section III. C. *infra*, in this study.)

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<sup>100</sup> Correspondence of Mr. Ian M. Ritchie, CBC Director of Station Relations, Ottawa, with the Committee on Election Expenses, March 18, 1966.

<sup>101</sup> CBC Program Policy No. 65-7, *Broadcast Appearances by Political Candidates*, dated Oct. 1, 1965, and tabled before the Parliamentary Committee on Broadcasting in May 1966. It states further that broadcasting personalities, including commercial announcers, who are candidates, must withdraw from regular program or commercial assignments on the CBC, except for commercial announcements not broadcast to the constituency in question.

Program Policy No. 64-1, dated Sept. 21, 1964, also points out that at no time may any Senator or Member of Parliament be reimbursed for an appearance on CBC programs.

TABLE 9  
CBC NETWORK PUBLIC AFFAIRS TIME INVOLVING CANDIDATES IN THE 1965 GENERAL ELECTION

Party	Periods	Hours	Network Value	Station Time Value*	Periods	Hours	Network Value	Station Time Value*	Total Values
	<i>CBC English Radio Network</i>				<i>CBC French Radio Network</i>				
Liberal.....	1	:30	\$ 757	\$ 361	3	:24	\$ 338	\$ 210	\$ 1,666
P.C.....	—	—	—	—	3	:24	338	210	548
N.D.P.....	1	:30	757	361	3	:24	338	210	1,666
S.C.....	1	:30	757	361	—	—	—	—	1,118
R.C.....	1	:30	757	361	3	:24	338	210	1,666
Ind.....	—	—	—	—	—	—	—	—	—
Total.....	4	2:00	3,028	1,444	12	1:36	1,352	840	6,664
	<i>CBC English TV Network</i>				<i>CBC French TV Network</i>				
Liberal.....	2	:37	8,736	2,226	8	1:01	2,971	2,087	16,020
P.C.....	1	:08	2,826	836	6	:50	2,464	1,571	7,697
N.D.P.....	2	:42	10,397	2,698	6	:52	2,519	1,623	17,237
S.C.....	1	:30	6,652	1,672	1	:04	168	176	8,668
R.C.....	3	:40	12,127	3,422	4	:42	2,098	1,189	18,836
Ind.....	1	:03	2,426	836	2	:15	605	620	4,487
Total.....	10	2:40	43,164	11,690	27	3:44	10,825	7,266	72,945
Total Values.....			\$46,192	\$13,134			\$12,177	\$8,106	\$79,609

\*Totals for the 25 English and 6 French CBC-owned radio stations, and for the 12 English, and 5 French CBC-owned television stations: variations are due to the fact that public affairs programs were not carried by all network stations and some candidates declined participation, notably the Conservative and Social Credit candidates.

SOURCE: From statistics provided to the Committee on Election Expenses by the CBC, Department of Station Relations, Ottawa.

The imputed network and station time values of CBC network produced public affairs time, of which the national parties and their leaders were the chief beneficiaries, totalled \$79,609. The public sector also provided public affairs broadcasts for local candidates. The imputed values for the latter are included in Table 10 and amounted to \$1,722.

TABLE 10

CBC PUBLIC AFFAIRS TIME PROVIDED LOCALLY TO CANDIDATES  
IN THE 1965 GENERAL ELECTION

Candidate	Number	Hours	Value	Number	Hours	Value	Total Values
	<i>CBC English Radio Stations*</i>			<i>CBC French Radio Stations*</i>			
Liberal.....	2	:24	\$ 119	—	—	—	\$ 119
P.C.....	2	:24	119	—	—	—	119
N.D.P.....	2	:24	119	—	—	—	119
S.C.....	—	—	—	—	—	—	—
R.C.....	2	:24	119	—	—	—	119
Communist.....	2	:24	119	—	—	—	119
Total.....	10	2:00	595	—	—	—	595
	<i>CBC English Television Stations</i>			<i>CBC French Television Stations</i>			
Liberal.....	3	:19	458	—	—	—	458
P.C.....	2	:18	252	—	—	—	252
N.D.P.....	2	:17	252	—	—	—	252
S.C.....	1	:07	165	—	—	—	165
R.C.....	—	—	—	—	—	—	—
Total.....	8	1:01	1,127	—	—	—	1,127
Total Values.....			\$1,722				\$1,722

\*Totals for CBC-owned stations.

SOURCE: CBC Department of Station Relations, Ottawa.

#### 4. Summary—Public Sector

The imputed values for time provided by the public sector at the network and local levels for free and public affairs broadcasts on the French and English networks are summarized in Table 11. The overall total imputed value for the time provided by the public sector specifically to parties and candidates is \$296,570.<sup>102</sup>

<sup>102</sup> The imputed station time value of CBC network public affairs programming involving federal politicians that was carried by privately owned CBC affiliates amounted to an additional \$30,778. (See Table 13).



TABLE 11  
SUMMARY OF IMPUTED VALUES FOR TIME PROVIDED IN THE PUBLIC SECTOR, 1965 GENERAL ELECTION

Party	National Free Time			Local Free Time			National Public Affairs			Local Public Affairs			Total Values
	Station Time		Value	Station Time		Value	Station Time		Value	Station Time		Value	
	Network Value	Value		Network Value	Value		Network Value	Value		Network Value	Value		
CBC English Radio Network and Stations*													
Liberal.....	\$ 2,750	\$ 2,126	\$ 769	\$ 361	\$ 119	\$ 119	\$ 1,294	\$ 804	\$ 74	\$ 338	\$ 210	\$ —	\$ 9,602
P.C.....	2,354	1,816	644	—	119	119	1,088	677	64	338	210	—	7,310
N.D.P.....	1,544	1,204	240	361	119	119	723	447	32	338	210	—	5,975
S.C.....	826	641	319	361	—	—	385	242	—	338	—	—	3,531
R.C.....	826	641	—	361	119	119	385	242	—	338	210	—	3,879
Other.....	—	—	—	—	119†	—	—	—	—	—	—	—	119
Total.....	8,300	6,428	1,972	1,444	595	595	3,875	2,412	170	1,352	840	—	30,416
CBC French TV Network and Stations*													
Liberal.....	27,773	9,048	8,509	2,226	458	458	11,992	3,847	2,717	2,971	2,087	—	80,364
P.C.....	23,716	7,653	7,526	836	252	252	10,091	3,252	2,688	2,464	1,571	—	62,875
N.D.P.....	15,101	4,872	5,517	2,698	252	252	6,394	2,071	2,475	2,519	1,623	—	53,919
S.C.....	8,069	2,646	2,354	1,672	165	165	3,346	1,125	155	168	176	—	26,528
R.C.....	8,069	2,646	1,704	3,422	—	—	3,346	1,125	2,255	2,098	1,189	—	37,981
Others.....	—	—	—	836†	—	—	—	—	—	605†	620†	—	4,487
Total.....	82,728	26,865	25,610	11,690	1,127	1,127	35,169	11,420	10,290	10,825	7,266	—	266,154
Total Values.....	\$91,028	\$33,293	\$27,582	\$13,134	\$1,722	\$1,722	\$39,044	\$13,832	\$10,460	\$12,177	\$8,106	—	\$296,570

\* Totals for the 25 English and 6 French CBC-owned radio stations, and for the 12 English and 5 French CBC-owned television stations.

† Independent.

‡ Communist.

SOURCE: From statistics provided to the Committee on Election Expenses by the CBC, Department of Station Relations, Ottawa.

C. Free Time Provided by the Private Sector During Campaigns

Broadcasting in Canada has been defined as a mixed system consisting of a public sector, the CBC, and a private sector of commercial radio and television broadcasting stations and network. The private sector is subject, like the CBC, to the supervision of an administrative tribunal, the Board of Broadcast Governors, which is the guardian of the public interest. Since the Board views itself as an impartial arbiter, it is reluctant to intervene in the day-to-day operations of what many, including the commercial broadcasters, deem to be a private enterprise. These attitudes appear to have inhibited the collection of detailed statistics concerning political broadcasting, a power which the Board has in the light of section 11(1)(i) of the *Broadcasting Act* of 1958. The BBG thus finds itself attempting to regulate a creative and powerful force about which it gathers very little information.

From 1953 to 1958 the CBC prepared reports on all free time and public affairs programming, involving federal parties and candidates for federal elections; these reports are now limited to CBC-owned network and station activities. However, the Board of Broadcast Governors has not seen fit to continue the preparation of such reports based on examination of station logs, for the private sector.

At the request of the Committee on Election Expenses, statistics on political broadcasting for the 1965 campaign were gathered by the BBG. Circular C-120<sup>103</sup> was sent to all stations and networks, responses to which were regarded as strictly confidential. This data was then presented to the Committee on Election Expenses in summary form by provinces. The statistical data for the private sector is based in large part on these summaries.

<sup>103</sup> The BBG had previously required stations to file returns dealing with local paid political talks and announcements. During the 1965 general election campaign at the request of the Committee on Election Expenses for more extensive information similar to that provided by the FCC in the U.S., Dr. Stewart sent BBG Circular C-120, dated Sept. 24, 1965, to all stations and networks. The Circular contained the following blank form:

REPORT ON FEDERAL ELECTION CAMPAIGN—NOVEMBER 8, 1965  
STATION.....

Rate for political broadcast is (higher) (lower) (same as) card rate (delete unapplicable)

Party or Independent Candidate	PAID POLITICAL BROADCASTS							FREE POLITICAL BROADCASTS								
	Announcements			Talks			Total Rev- enue	Announcements			Talks			Total Value	Totals	
	No.	Time	Rev- enue	No.	Time	Rev- enue	(c+f)	No.	Time	Value	No.	Time	Value	(j+m)	Time (b+e+ i+l)	Worth (g+n)
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)		

The accompanying instructions asked stations to record what has been referred to as "station time value", along with production and other regular station costs where applicable for network hookups, for the period from 8:30 p.m. EDT, 7 September, 1965, to 11:59 p.m., 5 November 1965—i.e., 2 days prior to election day.

## 1. Free Time Allocated to Parties by the CTV Network

Of the 15 privately owned television stations not linked with the CBC network, 11 are affiliated with CTV Television Network Ltd. As there are no private radio networks, CTV forms the only private network in Canada. It is subject to the same obligations as the CBC regarding the grant of free-time network broadcasts. If no time is given free of charge, the network must be prepared to sell time upon request to the parties. However, when free time is provided, the network must convene political party representatives and come to a mutually satisfactory arrangement; in the event that such agreement cannot be reached, a decision regarding the distribution of the free time rests with the BBG.

During the 1965 campaign, CTV allocated a quarter-hour period to each of the Liberal, Progressive Conservative, New Democratic and Social Credit Parties, valued at \$5,000 each; the network time value of the four talks therefore totalled \$20,000.<sup>104</sup> The value of this time to individual CTV stations was reported directly to the BBG and aggregated with the returns from all private stations.

Regional campaign requirements were met through hookups of stations ready to sell or give the time during periods not scheduled for national network free-time broadcasts. These subsidiary hookups, which permit regional parties a wider coverage, must always be arranged through the BBG. During the 1965 campaign, the Liberal and Conservative Parties each arranged three temporary radio hookups, totalling five hours and fifty minutes. The Liberals were also granted permission for one ten-minute hookup of television stations. The actual revenues and imputed values of such hookups are inseparable from the private station returns discussed below.

## 2. Free Time Provided by Private Stations

A private station, unaffiliated with any network, need not allocate time for free political broadcasts. However, representatives of the candidates and parties concerned must come to an agreement with the station regarding equitable allocation. Since the contents of private station logs were not available, no judgment can be made as to whether equity was achieved. Nor is it possible to evaluate whether access to the airwaves was inequitable by reason of such devices as surcharges, special discounts, non-collection of debts or lack of exposure in locally produced newscasts.

Some light on the vexed problem of rates is shed by the responses to one of the questions in BBG Circular C-120 which asked whether the "Rate for political broadcasts is (higher) (lower) (same as) card rate (delete unapplicable)". The following table summarizes the replies of stations who responded to this question.

Stations	Higher	Lower	Same
A.M. Radio	3	4	124
F.M. Radio	—	—	3
T.V.	2	1	34

<sup>104</sup> From corrected data supplied to the Committee on Election Expenses by the BBG, based on returns from the Board's Circular C-120; see footnote 103. At the time of the 1965 election, CTV Television Network Ltd. owned no stations itself; it has since been purchased by its own private affiliates. The original CTV return included six hours of election night coverage; this was removed from the report following verification by the Committee staff. However, the statements made by party leaders on September 7, 1965, immediately following the dissolution of Parliament, appear to have been included.

In a letter to the Committee dated February 10, 1966, Mr. T. J. Allard, Executive Vice-President of the Canadian Association of Broadcasters (CAB) stated that while the CAB had recommended the commercial rate for political broadcasts, "As to the matter of national versus local there is somewhat wider variation," he continued: "however, it appears to be a substantially general pattern that national rate applies when the broadcast is placed through an advertising agency, the local rate when the broadcast is placed directly by the party or candidate." The national rate charged large national advertisers is usually higher than the local rate for locally generated business.

The amounts and imputed values of free time that private stations claim to have made available to parties and candidates in the 1965 federal campaign totalled \$407,921.42. A summary is provided in Table 12.

TABLE 12  
FREE TIME DECLARED BY PRIVATE STATIONS FOR THE 1965  
GENERAL ELECTION

Party	Free Announcements			Free Talks			Imputed Values of All Free Time
	Periods	Hours	Imputed Value	Periods	Hours	Imputed Value	
	165 Private AM & FM Radio Stations						
Liberal.....	722	16:09	\$12,553.20	1,620	206:56	\$ 43,823.02	\$ 56,376.22
P.C.....	704	17:57	10,892.30	1,451	176:46	36,543.09	47,435.39
N.D.P.....	180	5:02	1,965.80	999	145:52	29,407.21	31,373.01
S.C.....	115	4:15	2,031.90	533	71:14	19,026.92	21,058.82
R.C.....	147	2:22	2,825.40	398	43:36	4,992.56	7,817.96
Other.....	28	:21	266.00	103	16:28	2,903.50	3,169.50
Total.....	1,896	46:06	30,534.60	5,104	660:52	136,696.30	167,230.90
	57 Private Television Stations						
Liberal.....	64	:47	3,897.74	449	106:44	73,511.30	77,409.04
P.C.....	75	:58	3,563.00	432	99:24	69,244.67	72,807.67
N.D.P.....	26	:16	790.00	253	69:27	50,086.20	50,876.20
S.C.....	31	:26	2,306.00	130	42:50	17,669.37	19,975.37
R.C.....	—	—	—	96	30:23	12,282.24	12,282.24
Other.....	—	—	—	31	7:55	7,340.00	7,340.00
Total.....	196	2:27	10,556.74	1,391	356:43	230,133.78	240,690.52
Total Values.....	\$41,091.34			\$366,830.08			\$407,921.42

SOURCE: From BBG data supplied to the Committee on Election Expenses, (see footnote 103).

Nothing is known of the uniformity of interpretation placed by private stations upon categories such as political talks, etc. When asked, the BBG replied that while no definitions had been published, the Board had relied upon "the general interpretation in the industry . . . there were no queries from broadcasters in this regard . . . The Board's program categories include one which applies to



'Public Affairs including talks, discussions, interviews, etc.'"<sup>105</sup> It is known that the CTV network provided one hour of free talks to its eleven affiliates, and that the CBC Network provided free time public affairs programming involving federal politicians to its privately owned affiliates as shown in Table 13.

TABLE 13  
NETWORK PUBLIC AFFAIRS TIME CARRIED BY PRIVATE CBC AFFILIATES\*

Party	Periods	Hours	Station Time Value	Periods	Hours	Station Time Value	Total Imputed Values
	<i>English Radio</i>			<i>French Radio</i>			
Liberal.....	55	27:30	\$ 726	51	8:06	\$ 466	\$ 1,192
P.C.....	—	—	—	51	8:06	466	466
N.D.P.....	55	27:30	726	51	8:06	466	1,192
S.C.....	55	27:30	726	—	—	—	726
R.C.....	55	27:30	726	51	8:06	466	1,192
Ind.....	—	—	—	—	—	—	—
Total.....	220	110:00	2,904	204	32:24	\$1,864	\$ 4,768
	<i>English Television</i>			<i>French Television</i>			
Liberal.....	70	21:35	\$ 4,114	21	5:03	1,126	\$ 5,240
P.C.....	35	4:40	1,542	19	4:51	1,081	2,623
N.D.P.....	70	24:30	4,989	20	4:56	1,103	6,092
S.C.....	35	17:30	3,083	—	—	—	3,083
R.C.....	105	23:20	6,326	19	4:51	1,081	7,407
Ind.....	35	1:45	1,542	1	:05	23	1,565
Total.....	350	93:20	21,596	80	19:46	4,414	26,010
Total Imputed Values.....			\$24,500			\$6,278	\$30,778

\*Totals for 55 private English Radio, 26 private French Radio of which 18 are commercial, for 35 private English TV, and 8 private French TV stations affiliated to the CBC networks.

SOURCE: CBC Station Relations, Ottawa, *op. cit.*

#### D. Paid Political Broadcasts During The 1965 General Campaign

No data is available on commercial station revenues from paid political broadcasts for campaigns prior to 1965, (however, for purposes of comparison, the time devoted to such broadcasts for the federal elections from 1953 to 1965 are summarized in Table 16 *infra*.)

In the 1965 campaign the commercial CTV Television Network, exclusive of its outlets earned \$63,160 for the network value of thirty-seven commercial political announcements sold to three political parties as summarized in Table 14. (The station time values for these announcements are inseparable from the revenues of the individual stations.)

<sup>105</sup> Mr. W. L. Mahoney, Supervisor BBG Log Examination, in correspondence with the Committee on Election Expenses, dated March 15, 1966.

TABLE 14

## PAID TIME DECLARED BY CTV FOR THE 1965 GENERAL ELECTION

Party	Paid Announcements			Paid Talks			Total Revenue
	Periods	Hours	Revenue	Periods	Hours	Revenue	
Liberal.....	12	:12	\$25,335	—	—	—	\$25,335
P.C.....	15	:15	30,058	—	—	—	30,058
N.D.P.....	10	:10	7,767	—	—	—	7,767
S.C.....	—	—	—	—	—	—	—
R.C.....	—	—	—	—	—	—	—
Others.....	—	—	—	—	—	—	—
Total.....	37	:37	\$63,160	—	—	—	\$63,160

SOURCE: BBG returns, (footnote 103).

The revenues from the sale of local commercial time to parties and candidates for the 1965 election, as reported to the BBG by the 226 private radio and 58 private television stations that sold time, amounted to \$1,211,963.91. The party break-down for these revenues is presented in Table 15.

TABLE 15

PAID TIME DECLARED BY PRIVATE STATIONS  
FOR THE 1965 GENERAL ELECTION

Party	Paid Announcements			Paid Talks			Total Paid Revenue
	Periods	Hours	Revenue	Periods	Hours	Revenue	
226 Private Radio Stations							
Liberal.....	28,460	349:37	\$266,531.12	1,131	166:07	\$21,990.61	\$288,521.73
P.C.....	18,697	235:07	156,608.77	1,256	158:00	21,236.24	177,845.01
N.D.P.....	5,703	82:27	53,683.92	371	52:26	6,867.54	60,551.46
S.C.....	2,222	64:42	18,498.73	316	36:09	5,085.20	23,583.93
R.C.....	137	1:20	686.75	87	13:04	1,309.30	1,996.05
Other.....	448	7:11	4,405.50	103	11:20	1,254.50	5,660.00
Total.....	55,667	740:24	\$500,414.79	3,264	437:06	\$57,743.39	\$558,158.18
58 Private Television Stations							
Liberal.....	2,913	41:59	\$214,333.74	772	106:42	\$78,035.66	\$292,369.40
P.C.....	1,808	19:22	139,566.52	671	94:12	66,509.00	206,075.52
N.D.P.....	842	9:52	62,799.62	231	36:10	22,480.64	85,280.26
S.C.....	256	2:42	16,992.65	109	13:14	8,077.55	25,070.20
R.C.....	41	:32	4,465.00	109	22:35	15,708.50	20,173.50
Other.....	134	1:53	13,859.80	80	11:10	10,977.05	24,836.85
Total.....	5,994	76:20	\$452,017.33	1,972	284:03	\$201,788.40	653,805.73
Total Revenues....			\$952,432.12			\$259,531.79	\$1,211,963.91

SOURCE: BBG returns on Circular C-120, (footnote 103).

TABLE 16  
TOTAL PAID POLITICAL BROADCASTS, SOLD LOCALLY BY ALL STATIONS

Election Year	Number of Stations	Liberal		P.C.		CCF/NDP		S.C.		Others		Totals	
		Talks	Ann.	Talks	Ann.	Talks	Ann.	Talks	Ann.	Talks	Ann.	Talks	Ann.
		Hours	Number	Hours	Number	Hours	Number	Hours	Number	Hours	Number	Hours	Number

SOURCE: 1957 data from CBC Report on Federal Election Campaigns, 1957; 1962 and 1963 data from BBG records; 1965 data from BBG returns on C-120, (footnote 103). Complete information on the 1958 election is not available from either CBC or BBG records. Numbers of stations involve only those that actually sold time, (including FM stations); the above sources indicate three FM stations in 1962 and 7 in 1963 that sold time.

The amount reportedly paid by all parties and candidates to the stations and network in the private sector, thus totalled \$1,275,123.91. This includes agency commissions and production costs incurred by stations and presumably charged to the parties; however, the considerable production costs for films etc., produced by the parties or their advertising agencies would not be included. The following Table provides an overall summary of outlays on the private broadcasting media.

TABLE 17  
TOTAL REVENUES DECLARED BY THE PRIVATE SECTOR, 1965

Party	226 Radio Stations	58 TV Stations	CTV Network Ltd.	Total
Liberal.....	\$288,521.73	\$292,369.40	\$25,335.00	\$606,226.13
P.C.....	177,845.01	206,075.52	30,058.00	413,978.53
N.D.P.....	60,551.46	85,280.26	7,767.00	153,598.72
S.C.....	23,583.93	25,070.20	—	48,654.13
R.C.....	1,996.05	20,173.50	—	22,169.55
Other.....	5,660.00	24,836.85	—	30,496.85
Total.....	\$558,158.18	\$653,805.73	\$63,160.00	\$1,275,123.91

SOURCE: Summary of CBC data from Tables 15 and 16.

### E. Total Values for Political Broadcasting in the 1965 Campaign

The total value of political broadcasting from all sources for the 1965 campaign amounted to almost \$2,000,000. This estimate was reached by adding the imputed value of free broadcasting granted to the political parties by the public and private sectors of the Canadian Broadcasting system, including public affairs time plus the cost of commercial time purchased by the parties from the private sector. These figures are summarized by party in Table 18.

### F. Inter-Campaign Free Time

A campaign may usefully be regarded as the intensification of a continuing phenomenon. Efforts to communicate to the electorate and to maintain a favourable set of images are obviously not limited to formal campaign periods. Thus, funds may be expended on political broadcasting during the inter-campaign period. The *BBG White Paper* contains a provision that:

Individual stations may be available for purchase for political broadcasting in the period between election campaigns, or may allocate free time on an equitable basis.<sup>106</sup>

<sup>106</sup> *BBG White Paper, op. cit., p. 7.*



TABLE 18

## IMPUTED VALUE AND COSTS OF POLITICAL BROADCASTING FOR THE 1965 FEDERAL ELECTION BY POLITICAL PARTY

Imputed Values and Costs	Liberals	P.C.	N.D.P.	S.C.	R.C.	Other	Total
<i>Public Sector*</i>							
Free Radio Time.....	\$ 9,602.00	\$ 7,310.00	\$ 5,975.00	\$ 3,531.00	\$ 3,879.00	\$ 119.00	\$ 30,416.00
Free Television Time.....	80,364.00	62,875.00	53,919.00	26,528.00	37,981.00	54,487.00	266,154.00
<i>Private Sector†</i>							
Free Radio Time.....	56,376.22	47,435.39	31,373.01	21,058.82	7,817.96	3,169.50	167,230.90
Free Television Time.....	82,409.04	77,807.67	55,876.20	24,975.37	12,282.24	7,340.00	260,690.52
<i>Private Sector‡</i>							
Paid Radio Time.....	288,521.73	177,845.01	60,551.46	23,583.93	1,996.05	5,660.00	558,158.18
Paid Television Time.....	317,704.40	236,133.52	93,047.26	25,070.20	20,173.50	24,836.85	716,965.73
Total for Radio.....	354,499.95	232,590.40	97,899.47	48,173.75	13,693.01	8,948.50	755,805.08
Total for TV.....	480,477.44	376,816.19	202,842.46	76,573.57	70,436.74	236,663.85	1,243,810.25
Grand Total.....	\$834,977.39	\$609,406.59	\$300,741.93	\$124,747.32	\$ 84,129.75	\$ 45,612.35	\$1,999,615.33

\*Network and local public affairs and free time as summarized in Table 11.

†Totals for 165 AM-FM radio stations, 57 television stations and CTV Network Ltd. The private affiliates' share of CBC Network public affairs time would be included here.

‡Totals for 226 AM-FM radio stations, 58 television stations, and the CTV Network, as shown in Table 17 and p. 403.

## 1. *The Public Sector*

Upon application in writing from the party leaders, weekly free-time broadcasts are made available by the Canadian Broadcasting Corporation on a national network to those parties that would qualify for national campaign free time. The allocation of available time is similar to that for campaigns: an equal allocation if there are two parties, and,

When there are more than two qualifying parties, time will be divided in the following ratio: Two periods to the party in power, three periods to be divided among qualifying opposition parties.<sup>107</sup>

Disputes are referred to the BBG for final decision. Two such decisions have been necessary, both resulting from arguments for an equal rather than an equitable allocation. In the words of the former Counsel of the BBG:

As a matter of general policy, the Board has basically adopted the position instituted by the C.B.C. some years ago. That is...for such programs as "The Nation's Business" or "Provincial Affairs"...the time is first of all split, in those cases where there are three or more parties, between the Government and the Opposition on a 40% to the Government and 60% to the total Opposition basis. In those cases where only two parties are represented, there is a split of 50% each. The 60% is split between the Opposition parties having regard to their representation in the legislative forum, their popular vote, and distribution of their public support, etc. It has been our experience that, with the exception of the two references to the Board noted above, the parties have generally accepted this formula with regard to the kinds of programs produced by the C.B.C. between elections. The parties have never really agreed that the allocation of campaign time should be on the same basis. However, in point of fact, the allocation has been made on this basis.

There is one further requirement in the obtaining of free time, and this is the number of candidates in the field. We, like the C.B.C. before us, generally agreed that the party should field candidates for at least 25% of the seats before it is entitled to free time. This avoids local or regional splinter groups being considered for the national network.<sup>108</sup>

Addressing himself to the issue of preferential allocation of time to the Government party and the Official Opposition, the President of the CBC, Mr. Ouimet, stated that the Corporation felt that the exposure of the public business was involved and that more responsibility fell to the Government and the Official Opposition to advise the people of the situation; therefore more time was necessary for their broadcasts.<sup>109</sup>

During federal or provincial general election campaigns, the federal series of inter-campaign programs, "The Nations Business," is curtailed, as are the various provincial series. The free time consists of weekly quarter-hour periods which alternate between federal and provincial affairs. The format is given over to party leaders who are in turn responsible for content. Programs are carried on the full CBC networks including private affiliates.

Local inter-campaign free time is available on CBC stations serving areas where there is no alternative private service. The time is available upon request to a Member of Parliament or Member of the Legislature on the following conditions: (1) talks must be nonpartisan and reports concerning the work of

<sup>107</sup> *CBC White Paper, op. cit.*, p. 8.

<sup>108</sup> Mr. W. C. Pearson, BBG Counsel, correspondence with the Committee on Election Expenses dated Aug. 19, 1965.

<sup>109</sup> Mr. A. Ouimet, in Minutes of a meeting of the Committee on Election Expenses, Ottawa, Nov. 26, 1965.

Parliament or the Legislature must be non-controversial (these are broadcast during sittings and discontinued during elections for the respective legislature); (2) such time is limited to fifteen minutes per month, given in either one or two periods.

## 2. The Private Sector

Since 1944, an increasing number of private stations have carried programs from Parliament Hill in a series called the "Radio Bureau". It is essentially an initiative of the Canadian Association of Broadcasters, whose Executive Vice-President has described the series as follows:

In 1962 an average of 74 broadcasting stations participated in the Report from Parliament Hill Series. In 1963, this figure was 70, in 1964-67, and in 1965 [it was] 68.

In 1962 this represented an average time donation in total of 641 hours. This figure in 1963 was 606 hours, in 1964-580, in 1965-589 for a total of 2,416 hours in the period.

Average value of this time would be in the neighbourhood of \$18,500 annually. Additionally, the stations contribute a fee for upkeep of the necessary facilities here in Ottawa which averages \$20,000 yearly. *Thus, in each of the years under review there was a donation of \$38,000 by the stations concerned for this purpose.*<sup>110</sup>

An increasing use is being made of interviewing techniques, using reporters selected either by the CAB or the participating member. In some instances, members have interviewed each other, thus reducing the costs of duplication in the coverage of a single issue or personality. Such programs may often cross party lines and occasionally result in very candid discussions. One television station ran an experimental video version of "The Report from Parliament Hill" series during the 1966 Session. Regarding future plans for a televised series, Mr. Allard reported that "the format will probably consist of five minute interviews on film and the same film would be made available each week to each participating station."<sup>111</sup>

Because of their implications for politics, this kind of public affairs and controversial programming has been a subject of serious concern. The locus of control is crucial. In one of his later essays, the late Professor Innis wrote:

Technological advance in communication implies a narrowing of the range from which material is distributed and a widening of the range of reception, so that large numbers receive, but are unable to make any direct response. Those on the receiving end of material from a mechanized central system are precluded from participation... Instability of public opinion which follows the introduction of new inventions in communication designed to reach large numbers of people is exploited by those in control of the inventions.<sup>112</sup>

This study has outlined many of the devices that have been employed to avert such exploitation, as well as noting some inherent dangers. It represents one of the first attempts to encompass costs and controls of political broadcasting in Canada. No concluding footnote can be made on the subject; however, it is clear that the broadcasting media provide an important if imponderable contribution to Canada's political parties and leaders.

<sup>110</sup> Mr. T. J. Allard, Correspondence with the Committee on Election Expenses, dated Feb. 10, 1966. [Italics not in the original.]

<sup>111</sup> *Ibid.*

<sup>112</sup> Innis, Harold A. *Changing Concepts of Time*, University of Toronto Press, Toronto, 1952, p. 102.

## CANDIDATE SPENDING PATTERNS AND ATTITUDES

An Analysis of Responses to a Committee Questionnaire Addressed  
to Candidates in the 1965 Federal Election

### I. PURPOSE OF THE STUDY

The 1965 general election presented an opportunity to canvass the opinions of candidates standing for election concerning problems of election finance and certain solutions which had been proposed to the Committee. Individuals who present themselves as candidates for election are intimately involved in the problems of financing campaigns. By sharing their specialized knowledge and recent personal experiences, candidates could not only provide information on the current cost of elections and the allocation of funds at the constituency level, but could also assist the Committee to reach realistic conclusions.

The study, which was conducted following the election of November 8, 1965, focused on two main objectives. First, it was designed to obtain information about the candidates' behaviour, whether successful in their bid for office or not, concerning: spending at the constituency level (the amount of money spent on radio, television, newspaper advertising, and postage in their local campaigns); and the amount of money available for each candidate's local campaign which came from party headquarters. The second main objective was to determine the opinions of candidates on a wide variety of questions involved in regulating campaign financing. Candidates were asked to express their opinions on a series of possible measures to regulate campaign spending and to alleviate the problem of the high cost of elections.<sup>1</sup>

Questionnaires were sent to all official candidates in the 1965 election. It should be stressed that this group is comprised of individuals occupying a special position, who may demonstrate a greater involvement and interest in the problems of campaign finance than members of the general public. It should be noted that

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<sup>1</sup>It should be noted that only marginals have been included in this summary. These general figures were further broken down by party affiliation, by region, and by electoral status in the larger study of which this is a summary. The larger study will be included in a later volume.



the respondents, the 454 candidates who returned completed questionnaires to the Committee, may also represent those candidates who were most concerned with the problems the Committee was considering.

## II. CONDUCT OF THE STUDY

The questionnaire, constructed in both French and English, was sent to all official candidates within a month after the polling day. Follow-up letters were sent to candidates who had not responded early in February, 1966. The candidates' responses were coded and transcribed on data-processing cards to permit computer analysis.

## III. COMPOSITION OF THE RESPONDENT GROUP

Out of a possible total of 1011 official candidates, 454 (45 per cent) returned completed questionnaires before March 15, 1966, which was set as the cut-off date for the inclusion of questionnaires in this study. After this date a further 21 completed questionnaires were received. An analysis of these late returns indicated that their inclusion would not have altered the trends indicated in the analysis of the major respondent group in any significant way.

Because the data for this study was obtained by using a mail questionnaire, certain problems of statistical inference arise. The respondent group was self-selected and does not constitute a randomly selected sample. For this reason, any inference about the behaviour or attitudes of *all candidates* from these findings, based on the replies of the 454 respondents, must be made with caution. Because distribution of the major characteristics of all candidates is available in official

TABLE 1  
ELECTED RESPONDENTS COMPARED WITH ALL ELECTED CANDIDATES  
BREAKDOWN BY POLITICAL AFFILIATION\*

ALL ELECTED CANDIDATES			ELECTED RESPONDENTS		
Party	Number	%	Party	Number	%
Liberal.....	131	49	Liberal.....	73	51
Progressive Conservative....	97	37	Progressive Conservative....	40	28
New Democratic.....	21	8	New Democratic.....	16	11
Ralliement des Cr�ditistes..	9	3	Ralliement des Cr�ditistes..	7	5
Social Credit.....	5	2	Social Credit.....	5	4
Independent.....	2	1	Independent.....	2	1
Total.....	265	100	Total.....	143	100

\*Source: Part IV of the *Report of the Chief Electoral Officer* PUBLISHED IN ADVANCE of the detailed report of the General Election held Nov. 8, 1965, Queen's Printer, Ottawa, 1966.

documents, the representativeness of the respondent group can be determined. A comparison has been conducted with reference to three factors: political affiliation of candidates, electoral status (whether the candidate was elected or defeated) and the provincial distribution of candidates.

An examination of the response rate of elected as opposed to defeated candidates indicated that 31 per cent (143) of the respondents were elected members whereas 69 per cent (311) were defeated candidates. In contrast, only 26 per cent (265) of all candidates were elected and 74 per cent (746) were defeated. The respondent group, therefore, has a higher percentage of elected candidates and a lower percentage of defeated candidates than the total candidate group. Further comparisons on the basis of the three major characteristics mentioned above may be found in Tables 1, 2 and 3.

TABLE 2  
DEFEATED RESPONDENTS COMPARED WITH ALL DEFEATED CANDIDATES  
BREAKDOWN BY POLITICAL AFFILIATION\*

ALL DEFEATED CANDIDATES			DEFEATED RESPONDENTS		
Party	Number	%	Party	Number	%
Liberal.....	134	18	Liberal.....	62	20
Progressive Conservative....	168	22	Progressive Conservative....	45	15
New Democratic.....	234	31	New Democratic.....	110	35
Social Credit.....	81	11	Social Credit.....	32	10
Ralliement des Cr�ditistes..	68	9	Ralliement des Cr�ditistes..	34	11
Independent.....	23	3	Independent.....	13	4
Other.....	38	6	Other.....	15	5
Total.....	746	100	Total.....	311	100

\*Source: Part IV of the *Report of the Chief Electoral Officer* PUBLISHED IN ADVANCE of the detailed report of the General Election held Nov. 8, 1965, Queen's Printer, Ottawa, 1966.

IV. REPRESENTATIVENESS OF THE RESPONDENT GROUP

With several exceptions, the distribution of these three major characteristics in the respondent group parallels the distribution found in the total population of all candidates. Elected Progressive Conservatives were under-represented in the respondent group; all other party groups (except the Independents) were slightly over represented. Defeated Progressive Conservatives were also under-represented, with a slight underrepresentation of defeated Social Credit candidates also evident. In general, however, the respondent group closely resembles the total group in this respect. As Table 3 indicates, there is no more than a 2 per cent variation between the respondent and total groups with respect to regional distribution.

TABLE 3  
COMPARISON OF RESPONDENT GROUP WITH ALL CANDIDATES  
BREAKDOWN BY PROVINCE

Province	Respondent Group		All Candidates	
	Number	%	Number	%
British Columbia, Yukon, Northwest Territories.....	40	9	101	10
Alberta.....	36	8	71	7
Saskatchewan.....	30	7	64	6
Manitoba.....	23	5	54	5
Ontario.....	124	27	290	29
Quebec.....	158	35	327	33
New Brunswick.....	18	4	32	3
Nova Scotia.....	11	2	38	4
Prince Edward Island.....	4	1	12	1
Newfoundland.....	10	2	22	2
Total.....	454	100	1,011	100

## V. BEHAVIOURAL FINDINGS

Candidates were asked to provide the Committee with information concerning the conduct of the financial aspect of their campaign. They were first asked if they had trouble finding money to finance their campaigns. The replies of the 454 respondents indicate that a large majority encountered financial difficulty.

TABLE 4  
DID YOU HAVE ANY TROUBLE FINANCING YOUR CAMPAIGN?

Response	Number	%
Yes.....	324	72
No.....	98	22
No opinion, don't know.....	28	6
Total.....	450*	100

\*4 uncoded responses.

Candidates were also asked to state the total amount of money spent in financing their constituency campaigns. Table 5 indicates the proportion of respondents reporting expenditures in each spending category.<sup>2</sup>

<sup>2</sup>In 16 cases, respondents did not provide this information to the Committee and had also not filed official returns.

TABLE 5

## TOTAL AMOUNTS DECLARED SPENT IN CONSTITUENCY CAMPAIGNS

Declared Amount Spent	Number	%	Grouped %
Above \$40,000.....	1	.2	5
\$30,000-\$39,999.....	1	.2	
\$25,000-\$29,999.....	9	2	
\$20,000-\$24,999.....	12	2.6	
\$15,000-\$19,999.....	32	7	20
\$10,000-\$14,999.....	60	13	
\$5,000-\$9,999.....	89	20	51
\$1,000-\$4,999.....	141	31	
\$500-\$999.....	47	10	20
Below \$500.....	46	10	
No Answer.....	16	4	4
Total.....	454	100	100

As Table 5 shows, 5 per cent of the responding candidates reported spending more than twenty thousand dollars on their personal campaigns. The highest declared expenditure was forty-nine thousand dollars. Twenty per cent reported expenditures of between ten and twenty thousand dollars. Over half of the respondents (51 per cent) reported expenditures of between one and ten thousand dollars. Another 20 per cent reported spending amounts ranging from one hundred to a thousand dollars. (Evidently those candidates reporting expenditures of only one hundred dollars either did not pay the required deposits themselves or neglected to include this cost in their estimates.) Finally, 4 per cent of the respondents provided no information on this matter.

By computing totals based on the declared expenses of the 438 respondents providing this information, it is possible to arrive at some understanding of the cost of constituency campaigns. Respondents' declared expenditures were rounded to the nearest hundred and a total was computed. On the basis of these *declared expenditures*, therefore, the cost of constituency campaigns for 438 candidates was approximately \$2,993,900. This represents an average expenditure of \$6,835 per respondent.

As was noted above in this study, elected candidates are more heavily represented in the respondent group than defeated. On this basis, it might be argued that the average reached above is higher than would be the case if more defeated candidates were included. Recognizing this limitation, it is still possible to base a projected total cost for constituency-level campaigns on this average figure. Using this average figure of declared costs, therefore, it is estimated that the constituency level campaigns of 1011 candidates in the 1965 federal election would have cost in the neighbourhood of \$6,911,196.

Information reported in the *Sessional Paper*<sup>3</sup> tabled in the House of Commons indicates that the 756 candidates filing returns declared expenditures totalling \$5,172,833.30. On the basis of these figures, the average cost of the

<sup>3</sup> *Sessional Paper* tabled in the House of Commons March 18, 1966, compiled by the office of the Chief Electoral Officer.



constituency campaign per reporting candidate is approximately \$6,842.37, a figure very close to that obtained by using the amounts reported to the Committee for this study.

Candidates were also asked how much money they spent on radio, television, newspaper advertising, and postage.<sup>4</sup> All of the 454 returned questionnaires were inspected and spending categories were established for purposes of analysis.

TABLE 6  
RESPONDENTS' DECLARED SPENDING FOR RADIO  
CONSTITUENCY CAMPAIGN ONLY

Declared Amount Spent	Number	%	Grouped %
Over \$3,000.....	1	2	12.2
\$2,000-\$2,999.....	13	3	
\$1,500-\$1,999.....	11	2	
\$1,000-\$1,499.....	31	7	
\$500-\$999.....	50	11	11
Below \$500.....	166	37	37
Nil.....	160	35	35
Not answered.....	22	4.8	4.8
Total.....	454	100	100

Only 12.2 per cent of the 454 respondents spent one thousand dollars or more on radio advertising in their constituency campaigns. Eleven per cent spent between five hundred and one thousand dollars on this medium of communication, 37 per cent spent less than five hundred dollars, and 35 per cent (160 respondents) personally spent no money for radio advertising.

TABLE 7  
RESPONDENTS' DECLARED SPENDING FOR TELEVISION  
CONSTITUENCY CAMPAIGN ONLY

Declared Amount Spent	Number	%	Grouped %
Over \$4,000.....	5	1	15
\$3,000-\$3,999.....	5	1	
\$2,000-\$2,999.....	17	4	
\$1,500-\$1,999.....	9	2	
\$1,000-\$1,499.....	33	7	12
\$500-\$999.....	54	12	
Below \$500.....	100	22	22
Nil.....	210	46	46
Not answered.....	21	5	5
Total.....	454	100	100

<sup>4</sup>Only 182 respondents (40 per cent of the total 454) provided information concerning spending for postage. Only about half of the 1011 questionnaires included this question, because of a printing error.

As Table 7 shows, 15 per cent of the respondents spent more than one thousand dollars for television advertising in their local campaigns. This is slightly higher (2.8 per cent) than the number spending more than one thousand dollars for radio advertising. In the case of television advertising, however, there are instances of respondents spending as much as nine thousand dollars for television advertising, whereas none of the respondents reported spending anywhere near this amount for radio advertising. Further, 12 per cent of the respondents reported spending between five hundred and one thousand dollars for television campaigning, and 22 per cent reported expenditures of less than five hundred dollars for the medium. Almost half the respondents (46 per cent) reported that they spent no money for television. This is 11 per cent higher than the percentage reporting no expenditure for radio.

The results appear to reflect two factors. First, the television medium is less easily accessible to all candidates than is radio. Second, television advertising tends to be more expensive. These figures do not, however, reflect the cost of the total time available to candidates in these media. Free time, and time paid for by provincial and national party organizations are often provided for candidates, and may well diminish the amounts local candidates would otherwise have spent on these media.<sup>5</sup>

Candidates were also asked to report how much they spent on newspaper advertising in their constituency campaigns.<sup>6</sup> The results shown in Table 8 below indicate that 29 per cent of the respondents spent more than one thousand dollars for campaign advertising in newspapers. This represents a differential of 14 per cent over the percentage of respondents spending over a thousand dollars for

TABLE 8

RESPONDENTS' DECLARED SPENDING FOR NEWSPAPER ADVERTISING  
Constituency Campaign Only

Declared Amount Spent	Number	%	Grouped %
Over \$4,000.....	9	2	29
\$3,000-\$3,999.....	14	3	
\$2,000-\$2,999.....	31	7	
\$1,500-\$1,999.....	37	8	
\$1,000-\$1,499.....	41	9	
\$500-\$999.....	72	16	16
Below \$500.....	177	39	39
Nil.....	52	11	11
Not answered.....	21	5	5
Total.....	454	100	100

<sup>5</sup> For fuller information concerning campaign use of these media see study No. 10 "Political Broadcasting in Canada," in Part II of this Report.

<sup>6</sup> For details of national and provincial spending for newspaper advertising and fuller details of local spending see study No. 9 "Newspaper Advertising Expenditures and Lineage of the 1965 and 1963 Federal Elections," in Part II of this Report.

television advertising and a differential of 16.8 per cent over the percentage declaring such amounts for radio advertising. In addition, 16 per cent of the respondents spent between five hundred and one thousand dollars for newspaper advertising with 39 per cent reporting expenditures of less than five hundred dollars. Only 11 per cent spent nothing on this communications medium.

TABLE 9  
COMPARATIVE SPENDING ON THREE MEDIA OF MASS COMMUNICATIONS  
RADIO, TELEVISION, NEWSPAPERS  
(grouped percentages only)

Spending Range	Radio	Television	Newspapers
	%	%	%
Over \$1,000.....	12.2	15	29
\$500-\$999.....	11	12	16
Below \$500.....	37	22	39
Nil.....	35	46	11
Not answered.....	4.8	5	5
Total.....	100	100	100

TABLE 10  
RESPONDENTS' DECLARED SPENDING FOR POSTAGE

Declared Amount Spent	Number	%	Grouped %
Over \$2,000.....	13	7	20
\$1,500-\$1,999.....	9	5	
\$1,000-\$1,499.....	15	8	
\$750-\$999.....	16	9	23
\$500-\$749.....	26	14	
\$100-\$499.....	66	36	
Below \$100.....	37	20	20
Total.....	182**	99*	99*

\*Due to rounding.

\*\*272 respondents were not asked for this information; see supra, note 4.

Table 10 indicates the declared amounts spent by 182 of the respondents for postage. Twenty per cent of the respondents spent in excess of one thousand dollars for postage. It should be noted that the percentage in this spending range exceeds that recorded for both radio and television. Twenty-three per cent of the respondents spent between five hundred and one thousands dollars for mailing and 36 per cent spent between one hundred and five hundred dollars. Only 20 per cent of the 182 respondents asked this question spent less than one hundred

dollars for postage. Had all candidates been asked this question the trend would most likely have shown larger percentages in the higher spending ranges, since the question was inadvertently omitted largely from questionnaires sent to Ontario candidates. It is evident even from this incomplete analysis that postage constitutes a large expenditure for most candidates.

The final piece of behavioural information requested from candidates concerned the amount of money each had received from their respective party headquarters. It should be noted that it was not possible to distinguish between money coming from provincial and/or federal party organizations.

TABLE 11  
DECLARED INCOME FROM PARTY HEADQUARTERS

Declared Income	Number	%	Grouped %
Over \$16,000.....	5	1	10
\$13,000-\$15,999.....	12	3	
\$10,000-\$12,999.....	29	6	
\$7,000-\$9,999.....	43	9	35
\$4,000-\$6,999.....	60	13	
\$1,000-\$3,999.....	58	13	
Below \$1,000.....	78	17	17
Nil.....	143	31	31
Not answered.....	26	6	6
Total.....	454	99*	99*

\*Due to rounding.

As Table 11 indicates, 10 per cent of the 454 respondents received amounts in excess of ten thousand dollars from provincial and/or federal party organizations. Therefore it may be calculated that this small group of 46 candidates received from their party organizations a total sum approximately between \$526,000 and \$649,000 (using the minimum and maximum amounts respectively in each category as a basis of computation). In addition, 35 per cent of the 454 respondents received between one thousand and ten thousand dollars from provincial or federal party organizations. Only 17 per cent received less than one thousand dollars from this source, but 31 per cent declared that they received no financial support from federal or provincial party organizations. By using the declared amounts provided by the 454 candidates who responded, it is possible to estimate in a general sense the amount of money provided to candidates by provincial and/or federal party organizations for constituency campaign purposes.

The estimated composite totals found in Table 12 indicate that the parties gave between \$1,144,500 and \$1,789,298 to 285 of the 454 responding candidates. One hundred and forty-three respondents reported no support, and 26 did not answer the question. Although these totals are estimates only, they indicate the heavy financial responsibility for financing candidates' constituency campaigns undertaken by the parties. It should be noted that these estimated party expenses



cover fewer than half the candidates in the 1965 federal contest and that the figures do not include money spent by the parties on behalf of the candidates but not allocated to them directly.

TABLE 12  
ESTIMATED MAXIMUM AND MINIMUM INCOME FROM FEDERAL  
AND PROVINCIAL PARTY ORGANIZATIONS  
(Respondents Only)

Income Range	Number of Respondents	Minimum	Maximum
		\$	\$
<i>1. High Income Range Totals</i>			
Over \$16,000.....	5	80,000	80,000
\$13,000-\$15,999.....	12	156,000	191,988
\$10,000-\$12,999.....	29	290,000	376,971
Over \$10,000.....	46	526,000	648,959
<i>2. Middle Income Range Totals</i>			
\$7,000-\$9,999.....	43	301,000	429,957
\$4,000-\$6,999.....	60	240,000	419,940
\$1,000-\$3,999.....	58	58,000	231,942
\$1,000-\$9,999.....	161	599,000	1,081,839
<i>3. Composite Totals</i>			
Over \$10,000.....	46	526,000	648,959
\$1,000-\$9,999.....	161	599,000	1,081,839
Below \$1,000.....	78*	19,500	58,500
Estimated Minimum and Maximum Totals....	285**	1,144,500	1,789,298

\*\$250 used for minimum figures; \$750 used for maximum figures.

\*\*143 reported no income from this source, 26, no answer.

The behavioural information presented in this study does serve to indicate the ranges of campaign spending and income, despite the many gaps which are evident.<sup>7</sup> Since this is the first study of its type conducted in Canada, many avenues of investigation were left unexplored. These areas, however, could be most fruitfully investigated in later studies and considerable comparative information amassed from election to election.

## VI. ATTITUDINAL FINDINGS

Perhaps the most important findings presented in this study consist of the opinions and attitudes of the responding candidates with respect to a series of questions concerning the problems of election financing and certain measures

<sup>7</sup> A fuller version of the behavioural aspect of this study will be found in a later volume.

which might be considered as modes of regulating campaign spending and as ways of easing the high cost of elections. The replies of the responding candidates indicate an awareness of the problems the Committee has been considering. Most respondents were eager to try any measure which they thought would effectively meet these problems.

Candidates were first asked whether they felt that "large contributors" might corrupt a political party. The vast majority of the respondents (73 per cent) agree that corruption may result if parties are forced to depend exclusively on large contributors; 21 per cent felt that this would not be the case; and 6 per cent expressed no opinion on this matter.

TABLE 13  
OPINION ON THE LIKELIHOOD THAT LARGE CONTRIBUTORS  
MAY CORRUPT A POLITICAL PARTY

Response	Number	%
Yes.....	328	73
No.....	96	21
No Opinion, Don't Know.....	26	6
Total.....	450*	100

\*4 uncoded responses.

Since so many respondents expressed the opinion that dependence on large contributors might lead to party corruption, it might be well to consider their attitude toward fiscal incentives. Devices like tax deduction may encourage more individuals to participate in the financing of Canadian political parties; broadening the base of political contribution is one possible way of releasing parties from sole dependence on large contributors.

TABLE 14  
ATTITUDE TOWARD MAKING POLITICAL CONTRIBUTIONS TAX DEDUCTIBLE

Response	Number	%
In Favour.....	289	64
Opposed.....	138	30
No Opinion.....	27	6
Total.....	454	100

Sixty-four per cent of the responding candidates favoured fiscal incentives in the form of making political contributions tax deductible as a way of reducing the financial dependence which may exist in Canadian federal politics; 30 per cent opposed such a measure; 6 per cent expressed no opinion.

Closely related to the questions of fiscal incentives for political contributions is a solution of an alternative type: public subsidization of election campaigns. Candidates were asked the following question:

*"Public Subsidies.*—In Germany, Puerto Rico and the Province of Quebec, the State provides subsidies to finance election campaigns. Do you think that a similar formula should be adopted in Canada?"

*"Subsides publics.*—En Allemagne, à Puerto-Rico et au Québec, l'État donne des subsides pour financer la campagne électorale. Croyez-vous que cela devrait exister au Canada?"

TABLE 15

ATTITUDE TOWARD STATE SUBSIDIZATION OF ELECTION CAMPAIGNS

Response	Number	%
In Favour.....	316	70
Opposed.....	104	23
No Opinion, Don't Know.....	34	7
Total.....	454	100

As Table 15 shows, a majority (70 per cent) of the respondents favour public subsidies, only 23 per cent were opposed to public subsidization of election campaigns; 7 per cent expressing no opinion. Surprisingly, respondents were slightly more in favour of state subsidies as a remedy than of fiscal incentives to encourage extra-governmental financing. (Compare Table 15 with Table 14).

While 70 per cent of the responding candidates favoured state subsidized election campaigns, 84 per cent favoured subsidization of a specific and limited type, that is, the provision of free mailing privileges on either an unlimited or restricted basis to all candidates in federal election campaigns. As Table 10 indicates, postage costs represent a major expense for many candidates. While respondents might be less willing to consider overall state subsidization of campaigns because of fears that such measures would submit the parties to government control or that party structure and membership commitment may be weakened if subsidies were adopted, the vast majority favoured this type of partial subsidy.

TABLE 16

ATTITUDE TOWARD SUBSIDIZED MAILING PRIVILEGES FOR ALL CANDIDATES

Response	Number	%	Grouped %
In Favour—for some mailings.....	278	61\	84
In Favour—for all mailings.....	104	23}	
Opposed—no free mailings.....	57	13	13
No Opinion, Don't Know.....	15	3	3
Total.....	454	100	100

Sixty-one per cent of the respondents favoured a limited number of free mailings for all candidates in federal election campaigns; 23 per cent favoured completely subsidized mailing privileges; only 13 per cent were opposed to any form of subsidized mailing; 3 per cent expressed no opinion.

Many observers contend that the chief problem of election financing is not the capacity of parties and candidates to raise more funds for their campaigns, as this might be solved by some form of subsidization. The main problem requiring attention in their view lies in devising ways of ensuring that the voting public is aware of the sources of campaign funds, the amounts involved and the details of how the money is spent. Candidates were asked to express their views on a variety of reporting and disclosure propositions which might be considered adequate modes of dealing with this problem.

TABLE 17  
ATTITUDE TOWARD REQUIRING POLITICAL PARTIES  
TO REPORT THEIR EXPENSES

Response	Number	%
In Favour.....	340	75
Opposed.....	79	17
No Opinion, Don't Know.....	35	8
Total.....	454	100

Seventy-five per cent of the responding candidates favoured legislation which would require political parties to report their campaign expenses in the same way as candidates are now required to do; 17 per cent opposed such a measure; 8 per cent expressed no opinion. The reporting of campaign expenses apparently constitutes a minimum reporting requirement. However, there is less enthusiasm about the reporting of the amounts and sources of campaign income.

TABLE 18  
ATTITUDE TOWARD REQUIRING POLITICAL PARTIES  
TO REPORT THEIR RECEIPTS

Response	Number	%
In Favour.....	322	71
Opposed.....	94	21
No Opinion, Don't Know.....	36	8
Total.....	452*	100

\*2 uncoded responses.



As might be expected, a smaller proportion of the respondents would require political parties to report their receipts than would require parties to report their expenses. Nevertheless, 71 per cent favoured such a measure, with only 21 per cent opposed, and 8 per cent expressing no opinion. A similar drop in the percentage favouring party reporting occurs when a proposition requiring parties' full reporting of expenses, receipts and the sources of income is considered.

TABLE 19

ATTITUDE TOWARD REQUIRING POLITICAL PARTIES TO REPORT THEIR EXPENSES, THEIR RECEIPTS AND THE SOURCES OF THEIR INCOME

Response	Number	%
In Favour.....	294	65
Opposed.....	124	27
No Opinion, Don't Know.....	36	8
Total.....	454	100

Despite the fact that fewer responding candidates favour full party reporting than support either of the two partial measures above, a majority (65 per cent) still favoured such requirements for political parties, while 27 per cent were opposed to these measures and 8 per cent expressed no opinion. Inferentially these results would also indicate a desire on the part of a majority of responding candidates to see the recognition in law of the existence of the major instruments of democracy: the political parties.

Closely connected to the question of reporting is the question of whether candidate and/or party reports should be published by the Chief Electoral Officer. Since candidates are already required by law to file reports through their official agents, the question of the publication of these reports was put to the candidates in the 1965 federal election.

TABLE 20

ATTITUDE TO THE PUBLICATION BY THE CHIEF ELECTORAL OFFICER OF CANDIDATES' REPORTS STATING THEIR EXPENSES AND THEIR RECEIPTS

Response	Number	%
In Favour.....	382	72
Opposed.....	96	21
No Opinion, Don't Know.....	30	7
Total.....	454	100

As Table 20 indicates, 72 per cent of the respondents favoured the publication of candidates' reports by the Chief Electoral Officer; only 21 per cent were opposed; 7 per cent were undecided or unwilling to state an opinion. As might be expected, fewer of the responding candidates favoured the idea of publishing reports by political parties.

TABLE 21

ATTITUDE TO THE PUBLICATION BY THE CHIEF ELECTORAL OFFICER OF  
REPORTS BY THE POLITICAL PARTIES STATING THEIR EXPENSES, THEIR  
RECEIPTS AND THE SOURCES OF THEIR INCOME

Response	Number	%
In Favour.....	284	62
Opposed.....	130	29
No Opinion, Don't Know.....	40	9
Total.....	454	100

Sixty-two per cent of the responding candidates expressed themselves in favour of the publication of complete party reports. A further 29 per cent opposed such a measure, and 9 per cent expressed no opinion. It would appear, therefore, that a majority of the respondents favoured the publication of both candidate and party reports (72 per cent and 62 per cent respectively). It should also be noted that while 65 per cent of the respondents favoured complete party reports, 62 per cent also favoured the publication of such reports; that is, almost all of the respondents who favoured such reporting requirements also felt that these reports should be published in order to create an effective control mechanism.

Candidates were also asked a series of questions dealing directly with the level of campaign expenditures and with the possibility of controlling this level by means of legislation. They were first asked if they considered current election expenses in Canada to be exorbitant.

TABLE 22

DO YOU THINK THAT ELECTION EXPENSES ARE EXORBITANT IN CANADA?

Response	Number	%
Yes.....	327	72
No.....	97	21
No Opinion, Don't Know.....	30	7
Total.....	454	100

Seventy-two per cent of the respondents felt that election expenses are exorbitant in Canada (although many excepted their own constituency or province); 21 per cent did not feel that such was the case; 7 per cent expressed no opinion. Candidates were then asked if they felt that controlling the level of election expenses were possible.

TABLE 23

## OPINION ON THE POSSIBILITY OF CONTROLLING ELECTION EXPENSES

Response	Number	%
Possible.....	293	65
Impossible.....	129	28
No Opinion, Don't Know.....	32	7
Total.....	454	100

While 28 per cent of the responding candidates felt that such control was impossible, 65 per cent felt that it was possible. Seven per cent expressed no opinion. Candidates were also asked if they thought legislation limiting the level of election expenses would be obeyed. As Table 24 indicates, only 47 per cent felt it would be obeyed. If this 47 per cent is compared with the 65 per cent who felt that it is possible to control election expenses, it may be concluded that at least 18 per cent of the respondents would favour some method of controlling election expenses other than legislation.

TABLE 24

## OPINIONS ON WHETHER LEGISLATION LIMITING ELECTION EXPENSES WOULD BE OBEYED

Response	Number	%
Yes.....	213	47
No.....	175	38
No Opinion, Don't Know.....	66	15
Total.....	454	100

It should be noted that, while 38 per cent of the respondents expressed the opinion that legislation limiting election expenses would not be obeyed, a fairly high proportion (15 per cent) were either unable or unwilling to express an opinion on this matter.

TABLE 25

## ATTITUDE TO LEGISLATION LIMITING CANDIDATE CAMPAIGN EXPENDITURES

Response	Number	%
In Favour.....	324	71
Opposed.....	102	23
No Opinion, Don't Know.....	28	6
Total.....	454	100

The candidates were then asked to consider the desirability of specific types of control legislation. They were first asked to consider the desirability of legislation which would limit the amount of money candidates could spend in federal election campaigns.

Seventy-one per cent of the respondents favoured legislation which would limit candidate campaign expenditures while only 23 per cent were opposed; this despite the fact that only 47 per cent felt that legislation limiting election expenses would be obeyed while 38 per cent felt such legislation would be disobeyed. It may be concluded therefore that many respondents, while they were doubtful of the uniform effectiveness of control legislation in general, still felt that this specific form would alleviate some of the ills evident in the current situation.

TABLE 26

ATTITUDE TO LEGISLATION LIMITING PARTY CAMPAIGN EXPENDITURES

Response	Number	%
In Favour.....	333	73
Opposed.....	95	21
No Opinion, Don't Know.....	26	6
Total.....	454	100

An even higher proportion of the respondents (73 per cent) favoured legislation which would limit the campaign expenditures of political parties in federal election campaigns, despite the general suspicion that any form of control legislation would be more respected in the breach than in the observance. Only 21 per cent opposed such legislation, with 6 per cent expressing no opinion. It may be concluded that the respondents favour some form of control over the spending of parties even if it were not always possible to ensure that the legislation would be obeyed.

Candidates were also asked to suggest a possible limitation in terms of the amount of money to be spent per elector, which might be the basis of legislation on controlling candidates' expenditures. The opinions of responding candidates are summarized in Table 27.

TABLE 27

RESPONDENTS' SUGGESTED CANDIDATE SPENDING  
LIMITATION PER ELECTOR

Suggested Spending Limitation per Elector	Number	%
Less than 25¢.....	27	6
25¢.....	172	38
50¢.....	153	34
\$1.00.....	48	11
\$2.00 or above.....	8	2
Don't Know, No Opinion.....	45	9
Total.....	453*	100

\*1 uncoded response.



Finally, candidates were queried regarding their opinions on five courses of action which might, if adopted, lower the cost of elections in Canada. These "possible solutions" include: compulsory voting, the establishment of a permanent voters list, a shorter election campaign period, the establishment of Sunday voting and the placing of a candidate's political affiliation on election ballots.

Both Australia and Belgium have adopted legislation which makes voting compulsory. Although this was not the main consideration behind the adoption of such legislation in either country, it has been suggested that compulsory voting would reduce election expenses. The explanation offered is that parties and candidates would no longer be forced to spend money getting the electors to go to the polls since this would be compulsory. It is further argued by advocates of the measure that election expenses would be reduced, since parties and their candidates would have to pay for only the propaganda designed to tell the electors for whom to vote, rather than also having to pay for propaganda telling the electors to vote *per se*.

TABLE 28

WOULD COMPULSORY VOTING REDUCE ELECTION EXPENSES?

Response	Number	%
Yes.....	195	43
No.....	218	48
No Opinion, Don't Know.....	41	9
Total.....	454	100

As Table 28 indicates, 43 per cent of the respondents felt such a measure would reduce election expenses; 48 per cent stated it would not; and 9 per cent expressed no opinion. It should be noted that some respondents who felt that compulsory voting would reduce election costs, were opposed on other grounds.<sup>8</sup>

TABLE 29

OPINION ON WHETHER THE ESTABLISHMENT OF A PERMANENT  
VOTERS LIST WOULD REDUCE ELECTION EXPENSES

Response	Number	%
Yes.....	288	63
No.....	91	20
No Opinion, Don't Know.....	75	17
Total.....	454	100

Candidates were also asked whether they thought the establishment of a permanent list of electors would reduce election expenses. Sixty-three per cent of the respondents felt that the establishment of a permanent voters' list would

<sup>8</sup> Such responses were not coded as "opposed" if they signified that they felt the measure would reduce election costs.

reduce election expenses. However, many of these respondents pointed out that such a measure, while it would reduce the cost of elections to the government by eliminating the need of a complete enumeration for every election, might not reduce the cost of elections to candidates and political parties. On the other hand, some respondents noted that the existence of a permanent voters' list might reduce the cost of elections to parties and candidates by relieving them of the cost of locating potential voters for mailing lists, etc. Twenty per cent of the respondents, on the other hand, felt that a permanent voters' list would not reduce election expenses and a fairly high proportion (17 per cent) were undecided on this issue.

TABLE 30

WOULD A SHORTER CAMPAIGN PERIOD REDUCE ELECTION EXPENSE?

Response	Number	%
Yes.....	208	68
No.....	114	25
No Opinion.....	32	7
Total.....	454	100

Candidates were also asked if the curtailment of the electoral campaign period would contribute to a reduction in election expenses. Sixty-eight per cent of the respondents felt that such would be the result, despite the fact that some opposed the measure on other grounds; 25 per cent felt that election expenses would not be significantly reduced by such a move; and 7 per cent expressed no opinion.

TABLE 31

WOULD SUNDAY VOTING REDUCE ELECTION EXPENSES?

Response	Number	%
Yes.....	176	38.8
No.....	216	47.6
No Opinion.....	62	13.6
Total.....	454	100

Some observers maintain that the level of election expenses would be significantly reduced if polling were held on Sundays in federal elections. They claim that the availability of public buildings to be used as polling stations would reduce the cost to the government and that by holding the election on a non-work day the cost of getting the voters out to the polls now assumed by parties and their candidates would be reduced. Only 38.8 per cent of the responding candidates agreed with this position. Many of these opposed the measure, while agreeing that it would reduce election expenses. Furthermore 47.6 per cent of the respondents felt that Sunday voting would not reduce election expenses and 13.6 per cent were either undecided or unwilling to express an opinion.

The final question asked of the candidates involved the identification of a candidate's political affiliation on the ballot. They were asked whether such a change would contribute to a reduction in election expenses. Advocates of such a measure claim that both candidates and parties spend considerable sums establishing their mutual affiliation; they maintain that this expense could be eliminated simply by indicating a candidate's political affiliation on the ballot.

TABLE 32  
WOULD PLACING CANDIDATES' POLITICAL AFFILIATION ON THE  
BALLOT REDUCE ELECTION EXPENSES?

Response	Number	%
Yes.....	251	55
No.....	151	33
No Opinion, Don't Know.....	52	11
Total.....	454	99*

\*Due to Rounding.

As Table 32 indicates, 55 per cent felt that such a measure would reduce election expenses; 33 per cent felt that a reduction would not result, although many of these favoured the measure on other grounds; 11 per cent were undecided.

## VII. CONCLUSIONS

As was previously mentioned, caution must attend any attempts to infer from the information and opinions obtained from the 454 responding candidates anything about the behaviour and attitudes of all the candidates contesting the 1965 general election. However, one point which can be made involves the concern generally expressed by the respondents with regard to the problems of financing elections, and of establishing some kind of enforceable mechanism by means of which control could be established over the various aspects of campaign financing and spending.

Most respondents indicated that they would be in favour of almost any proposition which would attack these problems. Only about 25 per cent consistently expressed opinions indicating that they felt there were not problems to be attacked.

More specifically, it may be noted that the results obtained from the behavioural aspect of this study indicate that the responding candidates declared that they had spent an average of slightly more than six thousand dollars to finance their local campaign. Other evidence produced before the Committee indicates that candidates' declarations give only a partial picture of their total expenditures. Many candidates must depend on their provincial or federal party headquarters for much of this money. Most indicated that they had experienced considerable difficulty financing their campaigns. The amounts spent for radio and television coverage, for newspaper advertising and for postage often seem to account for large proportions of a candidate's total campaign budget. An

important conclusion to be drawn from this questionnaire is that campaigns, even at the constituency level, are quite expensive due to the "style of campaign" dictated in large part by the voters. In support of this conclusion, it might be noted that a majority of the respondents favoured some form of subsidization of campaigns.

With reference to the attitudinal aspect of this study, a majority of candidates indicated that they were in favour of three main types of proposals which might alleviate the problems which most identified. First, a majority of the responding candidates indicated that they had experienced difficulty raising enough money to run their campaigns and further indicated that they were in favour of some form of state subsidization to meet this problem. Secondly, a majority of respondents indicated that they felt the current level of election spending is too high and that they would favour some measure to impose a positive limitation on spending, despite the fact that most indicated also that they were aware that any such ceiling might be difficult to enforce. A majority indicated that they would favour a legislative control, but most were wary of such measures as Sunday voting and compulsory voting which might reduce election costs. Finally, a majority of respondents indicated that they favoured the idea of requiring both candidates and political parties to file reports dealing with their income, expenditures, and sources. In addition, a majority indicated that they felt reporting could be an effective control mechanism only if supplemented by the requirement that reports be published.





# Part III

## APPENDICES



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# APPENDIX 1

## LEGISLATION, REGULATIONS AND ADMINISTRATIVE INSTRUCTIONS CONCERNING ELECTION EXPENSES IN CANADA

### I. GOVERNMENT EXPENDITURES

#### *A. Canada Elections Act: Fees and Expenses of Election Officers*

**60.** (1) Upon the recommendation of the Chief Electoral Officer, the Governor in Council may make a tariff of fees, costs, allowances and expenses to be paid and allowed to returning officers and other persons employed at or with respect to elections under this Act, and may, from time to time, revise and amend such tariff.

Tariff of  
fees and  
expenses.

(2) A copy of any such tariff and of any amendment thereof shall be laid before the House of Commons within the first fifteen days of the next ensuing session of Parliament.

Copy to  
House of  
Commons.

(3) Such fees, costs, allowances and expenses shall be paid out of any unappropriated moneys forming part of the Consolidated Revenue Fund of Canada, and they shall be distributed as follows:

Mode of  
Payment of  
fees and  
expenses.

(a) with regard to polling stations other than advance polling stations the fees or allowances, fixed by the tariff of fees, established pursuant to subsection (1), of deputy returning officers and poll clerks, and for the rental of polling stations, shall, except in the electoral districts of Yukon and Northwest Territories, be paid direct to each claimant by special warrants drawn on the Comptroller of the Treasury and finally issued by the returning officer for each electoral district; the necessary forms of warrants shall be furnished to each returning officer by the Chief Electoral Officer; such warrants shall bear the printed signature of the Chief Electoral Officer, and when countersigned by the appropriate returning officer, and negotiable without charge at any chartered bank in Canada; immediately after the official addition of the votes has

By special  
warrants  
in certain  
cases.

been held, every returning officer shall fill in the necessary spaces in the warrants, affix his signature thereon, and despatch the warrants by mail to the deputy returning officers, poll clerks, and landlords of polling stations entitled to receive them;

(b) all claims made by other election officers, including the returning officer, election clerk, enumerators, revising agents, revising officers, advance polling station officers, constables, and various other claims relating to the conduct of an election, shall be paid by separate cheques issued from the office of the Comptroller of the Treasury at Ottawa, and sent direct to each person entitled to payment; and

(c) in the electoral districts of Yukon and Northwest Territories, the fees of deputy returning officers, poll clerks and landlords of polling stations, shall be paid by separate cheques issued from the office of the Comptroller of the Treasury.

By separate  
cheques in  
other cases.

Mode of  
payment in  
Yukon and  
Northwest  
Territories.

Certification.

(4) The returning officer shall certify all accounts submitted by him to the Chief Electoral Officer, and shall be responsible for their correctness.

Responsibility  
of returning  
officer.

(5) The returning officer shall exercise special care in the certification of enumerators' accounts; any enumerator who wilfully and without reasonable excuse omits from the list of electors prepared by him (or by him jointly with another enumerator) the name of any person entitled to have his name entered thereon, or enters on the said list the name of any person who is not qualified as an elector in his polling division, shall forfeit his right to payment for his services and expenses; in all such cases, the returning officer shall not certify the account of the enumerator concerned, but shall send it uncertified to the Chief Electoral officer with a special report attached thereto stating the relevant facts; moreover, the Comptroller of the Treasury shall not pay any urban enumerator's account until after the revision of the lists of electors has been completed.

Fees, etc.  
may be  
increased by  
Governor in  
Council.

(6) Whenever it appears to the Governor in Council that the fees and allowances provided for by the tariff are not sufficient remuneration for the services required to be performed at any election, or that any claim for any necessary service performed, or for materials supplied for or at an election, is not covered by such tariff, he may authorize the payment of such sum or additional sum for such services or materials supplied as is considered just and reasonable.

Payment of  
printing and  
supplies.

(7) Any expenses incurred by the Chief Electoral Officer for printing election material and for the purchase of election supplies shall be paid out of any unappropriated moneys forming part of the Consolidated Revenue Fund of Canada.

Taxation  
of accounts.

61. (1) The Chief Electoral Officer shall, in accordance with the tariff of fees established pursuant to subsection (1) of section 60, tax all accounts relating to the conduct of an election and shall transmit such accounts forthwith to the Comptroller of the Treasury.

Rights  
saved.

(2) Notwithstanding anything in this section, the rights, if any, of all claimants to compel payment or further payment by process of law remain unimpaired.

*B. Tariff of Fees for Election Officers and Other Persons  
Engaged in the Conduct of Elections \**

Established by His Excellency the Governor in Council on the recommendation of the Chief Electoral Officer, pursuant to subsection (1) of section 60 of the *Canada Elections Act*.

Section I. RETURNING OFFICER

*A. Before a General Election*

- Item 1. (a) For personal services in connection with the revision of the boundaries of polling divisions and the preliminary grouping of urban polling divisions into revisal districts and of urban and rural polling divisions into advance polling districts, when ordered by the Chief Electoral Officer to proceed with such duties: a fee of \$500;
- (b) for all services and expenses in the typewriting of the list of the boundaries of the polling divisions and of the list of the numbers of the polling divisions allotted to advance polling districts and revisal districts, if any, on sheets of paper 8½ x 14, including the required number of copies: an allowance of \$4 per original page;
- (c) for personal services in connection with the selection of urban and rural enumerators and other duties that must be performed before the date of the issue of the writs ordering a general election, when approved by the Chief Electoral Officer: a fee of \$150;
- (d) for the storing of enumeration supplies and any expenses connected therewith: an allowance of \$10 per month;
- (e) for postage, telegrams, long distance tolls, maps, stationery and cartage of election supplies: the amount shown by vouchers submitted to have been necessarily and reasonably paid;
- (f) for personal services in the drafting of a "key to polling divisions" as per specimen supplied:
- (i) in electoral districts wholly urban: an allowance of \$100, and
- (ii) in electoral districts partly urban and partly rural: an amount to be determined by the Chief Electoral Officer, such amount to be not less than \$25 and not more than \$100; and
- (g) for all services and expenses in the typewriting and reproduction of the "key to polling divisions" on sheets of paper 8½ x 14, including the required number of copies: an allowance of \$4 per original page.

Note.—The returning officer, for his own travel in connection with the above-mentioned preliminary duties, is entitled to the travelling allowances specified in Item 37 hereof.

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\* SOR/63-60, *The Canada Gazette* Part II, No. 4, Feb. 27, 1963, as amended by SOR/66-390, *The Canada Gazette*, Part II, No. 17, Sept. 14, 1966.



## B. During an Election

- Item 2. For all personal services:
- (a) in areas in which the polling divisions are urban:
    - (i) an allowance of five and one half cents for the name of each elector included in the preliminary lists up to 45,000 names;
    - (ii) an allowance of five cents for the name of each elector included in the preliminary lists in excess of 45,000 names;
  - (b) in areas in which the polling divisions are rural: an allowance of \$11 for each ordinary polling station necessarily established;
  - (c) for every advance polling station established in the electoral district: an allowance of \$20.
- Item 3. For services attending at a recount held under section 54 of the *Canada Elections Act*: for each day's attendance, as certified by the judge, an allowance of \$25.
- Item 4. For services of stenographers, typists, clerical assistants and any other office help required, including services for the handling of ballot boxes at any time and for the tabulation of election results immediately after the close of the polls on polling day:
- (a) in areas in which the polling divisions are urban:
    - (i) an allowance of four cents for the name of each elector included in the preliminary lists up to 45,000 names;
    - (ii) an allowance of three cents for the name of each elector included in the preliminary lists in excess of 45,000 names;
    - (iii) for the addressing of the envelopes for the mailing of the preliminary lists to various electors, an allowance of two cents for the name of each elector included in the preliminary lists;
  - (b) in areas in which the polling divisions are rural: an allowance of \$5 for each ordinary polling station necessarily established.

Note.—The allowances under the foregoing Item 4 (a) (i) and (ii) will cover any expense incurred in the delivery to the appropriate deputy returning officers of the duplicates of transfer certificates and of certificates in cases of omissions of names from the official lists of electors, and in notifying the deputy returning officers of the appropriate ordinary polling stations of the names of electors who have voted at an advance poll.

- Item 5. For stationery, postage, telegrams, rental of typewriters, adding machines and office furniture, installation of telephones and service, long distance tolls, cartage of election supplies, cleaning and repairing of ballot boxes, or other incidental outlays: the amount shown by vouchers submitted to have been necessarily and reasonably paid.

- Item 6. For the rental of an office in connection with the conduct of the election: the actual and reasonable cost as shown by voucher.

Note.—The returning officer, for his own travel in connection with the conduct of the election, is entitled to the travelling allowances specified in Item 37 hereof.

## Section II. ELECTION CLERK

- Item 7. For services attending at the nomination of candidates on nomination day, an allowance of \$15.
- Item 8. For services attending at the office of the returning officer on the two days during which advance polls are open, an allowance of \$40.
- Item 9. For services attending at the office of the returning officer on the ordinary polling day, an allowance of \$25.
- Item 10. For services attending at the official addition of the votes, an allowance of \$25.
- Item 11. For services attending at a recount held under section 54 of the *Canada Elections Act*: for each day's attendance, as certified by the judge, an allowance of \$25.
- Item 12. In rural areas only, for services when necessarily employed in travelling in connection with the conduct of the election: per day of not less than six hours of necessary absence from place of residence, an allowance of \$12.

Note.—In addition to the above-mentioned allowances, the election clerk (except in the case of urban polling divisions) is entitled to the travelling allowances specified in Item 37 hereof when he is required to travel in connection with the conduct of the election. The election clerk is eligible to act as a clerical assistant in the office of the returning officer, and for such services to be paid by the returning officer out of the allowances provided in Item 4 hereof.

## Section III. PRINTING ALLOWANCES

- Item 13. For printing the preliminary lists of electors, according to the specimen lists supplied by the Chief Electoral Officer:
  - (a) in the case of urban polling divisions:
    - (i) when printed by letterpress, an allowance of eighteen cents for the name of each elector included in the preliminary lists as printed;
    - (ii) when printed by any method using photographic process, such as photo-offset, xyrox, etc., an allowance of sixteen cents for the name of each elector included in the preliminary lists as printed.

Note.—The allowances under the foregoing Item 13 (a) will cover the headings, including the notices and certificates, and the total number of copies of each preliminary list ordered by the returning officer. The names of streets, roads, and avenues printed in capital letters in the body of the geographical list, as they appear on the specimen list (Form 143), are to be counted as names of electors.

- (b) in the case of rural polling divisions:
  - (i) when printed by letterpress, an allowance of seventeen cents for the name of each elector included in the preliminary lists as printed;

- (ii) when printed by any method using photographic process, such as photo-offset, xyrox, etc., an allowance of fifteen cents for the name of each elector included in the preliminary lists as printed.

**Note.**—The allowances under the foregoing Item 13 (b) will cover the headings, certificates, and the total number of copies of each preliminary list ordered by the returning officer.

**Item 14.** For printing the Proclamation (Form 4), according to the specimen form supplied by the Chief Electoral Officer:

- (a) when printed in one language:
  - (i) for the first 100 copies or less, an allowance of \$60; and
  - (ii) for each copy over 100 ordered by the returning officer, an allowance of seven cents.
- (b) when printed in two languages on the same sheet:
  - (i) for the first 100 copies or less, an allowance of \$85; and
  - (ii) for each copy over 100 ordered by the returning officer, an allowance of seven cents.

**Item 15.** For printing the Notice of Revision (Form 14), according to the specimen form supplied by the Chief Electoral Officer (in the case of urban polling divisions only):

- (a) for the first 100 copies or less when only one revisal district is mentioned thereon, an allowance of \$65; and
- (b) for each additional revisal district mentioned thereon, an allowance of \$6; and
- (c) for each copy over 100 ordered by the returning officer, an allowance of seven cents.

**Item 16.** For printing, numbering, and binding or stitching ballot papers, according to the sample sheet of ballot paper and the specimen book of ballot papers supplied by the Chief Electoral Officer:

- (a) when printed with the names of two or three candidates, an allowance of \$12 per thousand;
- (b) when printed with the names of four or five candidates, an allowance of \$13 per thousand;
- (c) when printed with the names of six or more candidates, an allowance of \$14 per thousand.

**Item 17.** For printing the Notice of Grant of a Poll (Form 30), according to the specimen form supplied by the Chief Electoral Officer:

- (a) for the first 100 copies or less, an allowance of twenty-one cents per square inch of printed matter; and
- (b) for each copy of the Notice over 100 ordered by the returning officer:
  - (i) when printed on three sheets, an allowance of thirteen cents;
  - (ii) when printed on four sheets, an allowance of sixteen cents;
  - (iii) when printed on five sheets, an allowance of nineteen cents;
  - (iv) when printed on six sheets or more, an allowance of twenty-two cents.

**Item 18.** For printing the Notice of Holding of Advance Poll (Form 65), according to the specimen form supplied by the Chief Electoral Officer:

- (a) for the first 100 copies or less when only one advance polling district is mentioned thereon, an allowance of \$60; and
- (b) for each additional advance polling district mentioned thereon, an allowance of \$6; and
- (c) for each copy over 100 ordered by the returning officer, an allowance of seven cents.

**Item 19.** For other necessary sundry printing ordered by the returning officer: the expenses necessarily and reasonably incurred, as shown by vouchers submitted.

**Note.**—Each account for printing must be prepared by the printer on his own stationery, certified by the returning officer, and accompanied by a sample of the work done. In addition to the foregoing printing allowances, a printer who holds a manufacturer's sales tax licence from the Department of National Revenue will charge the ordinary sales tax on his account for election printing. A printer who does not hold a manufacturer's sales tax licence because his annual printing business is less than \$3,000 should carefully bear in mind that if, when called upon to do any election printing or otherwise, it appears that his total printing business for the current year will exceed the said amount of \$3,000, he must immediately obtain from the Department of National Revenue, at Ottawa, a manufacturer's sales tax licence and then charge the sales tax on his account for election printing. It is not necessary for a printer whose total annual printing business is less than \$3,000 to obtain a manufacturer's sales tax licence, but such a printer must not charge any sales tax on his account for election printing. Printing accounts submitted under Section III hereof are not subject to Provincial or Municipal Sales Tax.

#### Section IV. URBAN ENUMERATORS

**Item 20.** For all services in connection with the preparation of the preliminary list and the necessary number of copies thereof: to each of the two enumerators an allowance of \$32 plus ten cents for the name of each elector properly included in the preliminary list of the urban polling division for which such enumerators have been appointed.

#### Section V. SUBSTITUTE REVISING OFFICER

*(In the case of urban polling divisions only)*

**Item 21.** For all services, including sittings for revision and all duties required to be performed in connection therewith: an allowance of \$7 for every polling division comprised in the revisal district for which the revising officer has been appointed (with a minimum allowance of \$75).

**Item 22.** For postage: the amount shown by vouchers submitted to have been necessarily and reasonably paid.

**Item 23.** For the services of clerical assistants required in the preparation of the necessary number of copies of the statements of changes and additions as prescribed by Rule (44) of Schedule A to section 17 of the



*Canada Elections Act*, and for other revision duties: for each polling division comprised in the revising officer's revisal district, an allowance of

- (a) \$1.50, when two candidates are officially nominated in the electoral district;
- (b) \$1.75, when three candidates are officially nominated in the electoral district;
- (c) \$2.00, when four candidates are officially nominated in the electoral district;
- (d) \$2.25, when five candidates are officially nominated in the electoral district;
- (e) \$2.50, when six or more candidates are officially nominated in the electoral district.

#### Section VI. RENTAL OF REVISAL OFFICE

*(In the case of urban polling divisions only)*

- Item 24. For a building or part of a building used as a revisal office (including fuel, light, and furniture): an allowance of \$25 for each day's sittings of the revising officer of every revisal district.

#### Section VII. RURAL ENUMERATOR

- Item 25. For all services in connection with the enumeration, including (a) posting up copies of the notice of rural enumeration; (b) making house-to-house visits, when necessary; (c) preparing the index book; (d) making four copies of the preliminary list; (e) transmitting two copies of such list to the returning officer; (f) posting up one copy of such list; and (g) performing all other necessary duties: an allowance of \$32 plus eleven cents for the name of each elector properly included in the preliminary list.
- Item 26. For all services after the preliminary list has been posted up including (a) revising the preliminary list in the index book; (b) attending for revision on Thursday, the 18th day before polling day; (c) preparing ten copies of the statement of changes and additions; and (d) dispatching all necessary documents to the returning officer: an allowance of \$18.
- Item 27. For postage and registration fees, if any, on the two envelopes (Form 118) containing copies of the preliminary list, etc., sent to the returning officer: the expenses necessarily and reasonably incurred.

#### Section VIII. DEPUTY RETURNING OFFICER AND POLL CLERK AT AN ORDINARY POLL

*Deputy Returning Officer*

- Item 28. For all services, including attendance at the ordinary polling station on polling day, an allowance of \$22.

### *Poll Clerk*

- Item 29. For all services, including attendance at the ordinary polling station on polling day, an allowance of \$15.

## Section IX. DEPUTY RETURNING OFFICER AND POLL CLERK AT AN ADVANCE POLL

### *Deputy Returning Officer*

- Item 30. For all services, including attendance at advance polling station on Saturday and Monday, the 9th and 7th days before the ordinary polling day, and at 9 p.m. on the ordinary polling day for the counting of the votes: an allowance of \$46.

### *Poll Clerk*

- Item 31. For all services, including attendance at advance polling station on Saturday and Monday, the 9th and 7th days before the ordinary polling day, and at 9 p.m. on the ordinary polling day for the counting of the votes: an allowance of \$32.

## Section X. RENTAL OF ORDINARY POLLING STATION

- Item 32. For a building or part of a building used as an ordinary polling station (including fuel, light, and furniture): an allowance of \$24 for each polling station established therein.

## Section XI. RENTAL OF ADVANCE POLLING STATION

- Item 33. For a building or part of a building used as an advance polling station (including fuel, light, and furniture): for the two days that the advance poll is open, and for the counting of the votes at 9 p.m. on the ordinary polling day, an allowance of \$50.

## Section XII. MESSENGER, INTERPRETER, AND CONSTABLE

- Item 34. *In rural areas only:* For the services of a messenger appointed by the returning officer to travel in rural areas only, in connection with the conduct of the election: per day of not less than six hours of necessary absence from place of residence, an allowance of \$12.

Note.—Messengers appointed to travel in rural areas are entitled to the travelling allowances specified in Item 37 hereof.

- Item 35. For the services of an interpreter at a polling station, when duly appointed and sworn by the deputy returning officer, and necessarily employed while the poll is open on polling day, an allowance of \$8.
- Item 36. For the services of a constable at a polling station, when duly appointed and sworn by the deputy returning officer, and necessarily employed while the poll is open on polling day, an allowance of \$6.

### Section XIII. TRAVELLING ALLOWANCES

Item 37. For necessary travel in connection with the conduct of the election:

#### *In rural areas*

- (a) by road: an allowance of twelve cents per mile plus actual and reasonable living expenses as shown by vouchers submitted;
- (b) by air, rail or water and for any journey by land in lieu of the foregoing allowance: the expenses necessarily and reasonably incurred as shown by vouchers submitted;

#### *In urban areas*

- (c) the returning officer is entitled to an allowance of \$1.50 for each polling division necessarily established.

### Section XIV. REVISING AGENTS

Item 38. For all services as directed by the returning officer or the revising officer, including any travelling expenses in connection therewith: an allowance of \$80 to each of the two revising agents.

#### *C. Administrative Instructions Prepared by Chief Electoral Officer*

##### *1. Expenses for Conducting the Election*

Payment of  
election  
expenses.

Sec. 60.

**210.** The general principle governing the payment of expenses relating to the conduct of the election, except in the cases of deputy returning officers, poll clerks, and landlords of ordinary polling stations, who are paid by special warrants, and of the returning officer's stenographers and clerical assistants who are paid by himself out of the allowances provided in Item 4 of the Tariff of Fees, is that each election officer, and each other person by whom duties have been performed, is paid by separate cheque sent from Ottawa to the payee after the receipt by the Chief Examiner of Election Accounts of an account made out by the claimant and certified by the returning officer as having been regularly incurred and being properly payable. The forms for the accounts of election officers have been carefully drawn with a view to making correspondence unnecessary, thus rendering it possible to dispatch the cheques promptly. However, it cannot be expected that it will be possible to pay the thousands of accounts relating to the conduct of a general election as they are received and delay in some cases will be inevitable.

##### *2. Advances*

Request by  
returning  
officers for  
advances.

**211.** In view of what is stated in the preceding paragraph, a returning officer should not ordinarily require to disburse a large sum of money for the conduct of the election, but expenditures will sometimes have to be met in cash. In such case, the returning officer may obtain an advance by informing the Chief Examiner of Election Accounts of the amount of cash required. Communication with the Chief Examiner of Election Accounts on this subject should not be delayed until

the returning officer is faced with immediate necessary expenditures and is compelled to resort to a telegraphic request for funds. Such request cannot always be readily complied with and inconvenient delays may result from neglect to make proper provision at the time this should have been done. No advances will be made until after the writs ordering a general election have been issued, but a request may be made to the Chief Examiner of Election Accounts beforehand, and the advance will be sent soon after such writs are issued.

3. *Sundry Expenses*

**212.** (1) One of the expenses that will have to be met in cash is the purchase of postage stamps. In urban polling divisions, supplies will generally be delivered direct to enumerators and ballot boxes direct to deputy returning officers, except in small urban places that are situated outside the place in which the office of the returning officer is located, where the supplies and ballot boxes will be transmitted by registered mail. In cities, the returning officer may find it necessary, during the course of the election, to send a notice of some kind to his subordinate election officers, such as enumerators and deputy returning officers, and to the landlords of polling stations. Whenever the returning officer desires to send any such communications, postage stamps will be required, but in most cases ordinary postcards on which he will have the necessary information printed, will suffice. Whenever such postcards are printed, the returning officer will obtain an account from the printer, certify to it, and transmit it, with a sample printed postcard, to the Chief Examiner of Election Accounts.

Use of postage stamps, etc., in urban polling divisions.

(2) In rural polling divisions it may not be necessary to communicate with subordinate election officers, as in urban polling divisions, since the various covering letters supplied may ordinarily suffice. Postage stamps, however, will have to be secured for other purposes. In the first place, stamps will have to be affixed to the envelopes containing the Proclamation and the various statutory Notices sent by ordinary mail to postmasters, and to every package of supplies sent by registered mail to each rural enumerator, as well as to the special letters of instructions. Also, the postage stamps to be affixed to any ballot box sent by registered mail will have to be paid by the returning officer. The Statute prescribes that ballot boxes sent by registered mail by deputy returning officers to the returning officer after the general election are to be carried free of postage, but the postage, at parcel post rates, plus registration fee, must be paid by the returning officer on the ballot boxes that he sends by mail to his deputy returning officers.

In rural polling divisions.

(3) In all polling divisions, both urban and rural, the election fees warrants issued to deputy returning officers, poll clerks, and landlords of ordinary polling stations will be sent by ordinary mail, and the purchase of the necessary postage stamps will have to be met in cash by the returning officer.

Postage stamps to transmit warrants.

(4) Whenever any postage stamps or postcards are required in connection with the conduct of the election, the returning officer will purchase them from the nearest postmaster, from whom he will obtain a receipt for his purchase. This receipt will be kept by the returning officer until after the general election, and then attached to his account as a voucher. Care will be taken by the returning officer to see that all postage stamps and postcards charged in his account have been used in connection with the conduct of the election.

Procedure on purchase of postage stamps.



Stationery.

(5) Since covering letters and various kinds of envelopes are supplied for almost every purpose, the returning officer should not have to incur much expense for stationery. However, printed letterheads and envelopes, according to the specimens supplied by the Chief Examiner of Election Accounts, may be ordered locally by the returning officer. Whenever such printing is ordered, but not before the issue of the writs ordering the general election, the returning officer will obtain an account from the printer, certify to it, and transmit it, with a sample letterhead and envelope, to the Chief Examiner of Election Accounts. Moreover, a reasonable allowance will be granted for other stationery required for the conduct of the election, if an itemized voucher is attached to the returning officer's account.

4. *Candidates' Expenses*

Return of candidates' election expenses.

Section. 63 (1-5).

Sec. 63 (5).

323. After the returning officer has declared the candidate elected either by acclamation or after a poll, and has sent the outstanding accounts to the Chief Examiner of Election Accounts, his only other duty is to receive, within two months after the declaration of the elected candidate, the return of and declarations (Forms 61-64) covering the election expenses of the various candidates, and to see that a summary of this return, prepared on the special form (Form 115) and signed by the official agent, is published, within ten days after the receipt of such return, in a newspaper published or circulated in the electoral district. This summary is published at the candidate's expense, and, whenever deemed advisable, the returning officer will require that the payment for such publication be made in advance. The return of election expenses of candidates and all attached papers the returning officer must keep in his possession for six months after their receipt and during that time he will permit their inspection and the making of extracts from them. He is entitled to 20 cents for each such inspection. At the end of the said six months the return of election expenses of each candidate may be destroyed, or sent to the candidate if a request has been made by either the candidate or his official agent.

II. ELECTION EXPENSES OF CANDIDATES

A. *Canada Elections Act*

1. *Official Agent and Election Expenses of Candidates*

Appointment of official agent.

62. (1) Every candidate shall appoint an official agent, in this Act termed "the official agent", whose name, address and occupation shall be declared to the returning officer, in the nomination paper in Form No. 27, by or on behalf of the candidate, on or before nomination day and shall be published in the Notice of Grant of a Poll in Form No. 30.

Case of death or legal incapacity of official agent.

(2) In the event of the death or legal incapacity of any such agent, the candidate shall forthwith appoint another, making a similar declaration in writing to the returning officer.

Election officers ineligible as official agents.

(3) No returning officer, deputy returning officer or election clerk or the partner or clerk of either of them, is eligible to act as the official agent for any candidate in the management or conduct of his election, and if any such officer so acts he is guilty of an illegal practice and of an offence against this Act punishable on summary conviction as provided in this Act.

(4) Subject to the subsequent provisions of this section, no payment and no advance or deposit shall be made before, during or after an election by a candidate or by any agent on behalf of a candidate or by any other person, in respect of any expenses incurred on account of or in respect of the conduct or management of such election, otherwise than by or through the official agent; and all money provided by any person other than the candidate for any expenses incurred on account of or in respect of the conduct or management of the election, whether as contribution, gift, loan, advance, deposit or otherwise, shall be paid to the official agent and not otherwise; this subsection shall not be deemed to apply to payment

No payment to be made except through official agent.

(a) by a candidate, out of his own money for his personal expenses\* to an aggregate amount not exceeding two thousand dollars, or

(b) by any person, out of his own money for any small expenses legally incurred by him, if no part of the sum so paid is repaid to him.

(5) Every person who makes any payment, advance or deposit in contravention of subsection (4), or pays in contravention thereof any money so provided as aforesaid is guilty of an illegal practice and of an offence against this Act punishable on summary conviction as provided in this Act.

Penalty for contravention.

(6) A contract whereby any expenses are incurred on account of or in respect of the conduct or management of an election is not enforceable against a candidate unless made by the candidate himself or by his official agent or by a sub-agent of the official agent thereto authorized in writing; but inability to enforce such contract against the candidate does not relieve him from the consequences of any corrupt or illegal practice having been committed by his agent.

No action against candidate unless contract made by himself or official agent.

(7) Every payment made by or through an official agent in respect of any expenses incurred on account of or in respect of the conduct or management of an election, shall, except where less than twenty-five dollars, be vouched for by a bill stating the particulars and by a receipt.

Bill of particulars.

(8) All persons who have any bills, charges or claims upon any candidate for or in relation to any election shall send in such bills, charges or claims within one month after the day on which the candidate returned has been declared elected, to the official agent of the candidate, or if such agent is dead or legally incapable, to the candidate in person; otherwise such persons shall be barred of the right to recover such claims or any part thereof.

Claims to be sent in within one month, or rights to be barred. If no agent.

(9) Subject to such exception as may be allowed in pursuance of this Act, an official agent who pays a claim in contravention of this enactment is guilty of an illegal practice and of an offence against this Act punishable on summary conviction as provided in this Act.

Penalty for illegal payment.

(10) In the event of the death, within such month, of any person claiming the amount of any such bill, charge or claim, the legal representative of such person shall send in the bill, charge or claim within one month after his obtaining probate or letters of administration, or of his becoming otherwise able to act as

Death of claimant.

\* In this Act ...

(23) "personal expenses" as used herein with respect to the expenditure of any candidate in relation to the election at which he is a candidate, includes the reasonable travelling expenses of such candidate and the reasonable expenses of his living at hotels or elsewhere for the purposes of and in relation to such election, and all other expenses that, except as restrained by this Act, he may in person lawfully incur and pay:

legal representative; otherwise the right to recover such bill, charge or claim shall be barred as aforesaid.

Payment within fifty days.

(11) All expenses incurred by or on behalf of a candidate on account of or in respect of the conduct or management of an election shall be paid within fifty days after the day on which the candidate returned was declared elected, and not otherwise; and, subject to such exception as may be allowed in pursuance of this Act, an official agent who makes a payment in contravention of this provision is guilty of an illegal practice and of an offence against this Act punishable on summary conviction as provided in this Act.

Penalty for contravention.

Payment of lawful claims sent in after time prescribed.

(12) Notwithstanding anything in this section, where cause is at any time shown to the satisfaction of a judge competent to recount the votes given at the election, such judge, on application by the claimant, or by the candidate or his official agent, may by order give leave for the payment by a candidate through his official agent of a disputed claim or of a claim for any such expenses as aforesaid, although sent in after the time in this section mentioned for sending in claims, or although sent in to the candidate and not to the official agent.

Election not void in certain cases in consequence of illegal payment.

(13) Where an election court reports that it has been proved by a candidate that any payment made by an official agent in contravention of this section was made without the sanction or connivance of such candidate the election of such candidate is not void nor is he subject to any incapacity by reason only of such payment having been made in contravention of this section.

Action for recovery in claims deemed disputed.

(14) If the official agent in the case of any claim sent in to him within the time limited by this Act disputes it, or refuses or fails to pay it within the period of fifty days after the day on which the candidate returned was declared elected, the claim shall be deemed to be a disputed claim and the claimant may, if he thinks fit, bring an action to recover the same in any competent court; and any sum paid by the candidate or his agent in pursuance of the judgment or order of such court shall be deemed to be paid within the time limited by this Act, and to be an exception from the provisions of this Act requiring claims to be paid by the official agent.

Payment in pursuance of judgment deemed exception.

Candidate's personal expenses up to \$2,000.

(15) The candidate may pay any personal expenses incurred by him on account of or in connection with or incidental to such election to an amount not exceeding two thousand dollars, but any further personal expenses so incurred by him shall be paid by his official agent.

Written statement of personal expenses.

(16) The candidate shall send to his official agent within the time limited by this Act for sending in claims a written statement of the amount of personal expenses paid by such candidate.

Petty expenses.

(17) Any person may, if so authorized in writing by the official agent, pay any necessary expenses for stationery, postage, telegrams and other petty expenses to a total amount not exceeding that named in the authority, but any excess above the total amount so named shall be paid by the official agent.

Statement of particulars and vouchers.

(18) A statement of the particulars of payments made by any person so authorized shall be sent to the official agent within the time limited by this Act for the sending in of claims and shall be vouched for by a bill containing the receipt of that person.

Return of election expenses by official agent.

**63.** (1) Within two months after the candidate returned has been declared elected, the official agent of every candidate shall transmit to the returning officer a true signed return substantially in Form No. 61, in this Act referred to as a



return respecting election expenses, containing detailed statements as respects that candidate of

- (a) all payments made by the official agent, together with all the bills and receipts, which bills and receipts are in this Act included in the expression "return respecting election expenses";
- (b) the amount of personal expenses, if any, paid by the candidate;
- (c) the disputed claims, so far as the official agent is aware;
- (d) the unpaid claims, if any, in respect of which application has been or is about to be made pursuant to subsection (12) of section 62, so far as the official agent is aware; and
- (e) all moneys, securities and equivalent of money received by or promised to the official agent by the candidate or any other person, for the purpose of expenses incurred or to be incurred on account of or in respect of the conduct or management of the election, naming every person from whom the same may have been received or by whom such promise was made, showing as to each sum whether it was received or merely promised, whether in money or otherwise and whether as contribution, loan, advance, deposit or otherwise.

(2) The return so transmitted shall include all bills and vouchers relative thereto and be accompanied by a declaration made by the official agent before a notary public or a justice of the peace in Form No. 62, which declaration is in this Act referred to as a declaration respecting election expenses.

Vouchers, and declaration in Form No. 62.

(3) Within ten weeks after the candidate returned has been declared elected, the candidate shall transmit or cause to be transmitted to the returning officer a declaration made by the candidate before a notary public or a justice of the peace in Form No. 63 or in Form No. 64, which declaration is in this Act referred to as a declaration respecting election expenses.

Candidate's declaration in Form No. 63 or No. 64.

(4) Whenever by reason of the death of a creditor no bill has been sent in within such period of two months, the official agent shall, within one month after such bill has been sent in, and likewise with respect to all payments approved by a judge pursuant to subsection (12) of section 62 of which the official agent is aware shall, within one week after such approval, as fully as possible, comply with the provisions of this section by means of a supplementary return.

Supplementary return in case of death of creditor.

(5) The returning officer, within ten days after he receives from the official agent any return or supplementary return respecting election expenses, shall publish at the expense of the candidate a summary thereof in the form prescribed by the Chief Electoral Officer, with the signature of the official agent thereto in one newspaper published or circulated in the electoral district wherein the election was held.

Publication of summary by returning officer.

(6) The returning officer shall preserve all such returns and declarations with the bills and vouchers relating thereto and at all reasonable times during six months next after they have been delivered to him shall permit any elector to inspect them and to make extracts therefrom on payment of a fee of twenty cents; and after the expiration of such six months' period, the documents may be destroyed, or, if after six months and before destruction the candidate or his official agent applies for their return, they shall be returned to the candidate.

Bills, etc., to be preserved.

After six months to be destroyed or returned.

(7) If the said return and declarations are not transmitted before the expiration of the time limited for the purpose, the candidate shall not after the expiration of such time, sit or vote in the House of Commons as member until

Penalty for member sitting in contravention.



either such return and declarations have been transmitted or until the date of the allowance of such an authorized excuse for the failure to transmit the same, as in this Act mentioned, and if he sits or votes in contravention of this enactment he shall forfeit five hundred dollars with costs for every day on which he so sits or votes to any person who sues therefor.

Default in  
delivering  
statements.

(8) If without such authorized excuse as in this Act mentioned a candidate or an official agent fails to comply with the foregoing requirements of this section, he is guilty of an illegal practice and of an offence against this Act punishable on summary conviction as provided in this Act.

Furnishing  
false  
statements.

(9) If any candidate or official agent knowingly makes a false declaration respecting election expenses he is guilty of a corrupt practice and of an indictable offence against this Act punishable as provided in this Act.

When  
candidate  
out of  
Canada  
at time  
of return.

(10) Where a candidate is out of Canada at the time when the return is so transmitted to the returning officer, the declaration required by this section may be made by him within fourteen days after his return to Canada, and in that case shall be forthwith transmitted to the returning officer, but the delay hereby authorized in making such declaration does not exonerate the official agent from complying with the provisions of this Act as to the return and declaration respecting election expenses.

Agent not  
exonerated.

Statement of  
payments in  
pursuance of  
leave and  
copy of  
judge's order.

(11) Where after the date at which the return respecting election expenses is transmitted leave is given pursuant to subsection (12) of section 62, for any claims to be paid, the agent shall, within seven days after the payment thereof, transmit to the returning officer a return of the sums paid in pursuance of such leave, accompanied by a copy of the order of the judge giving the leave, and in default he shall be deemed to have failed to comply with the requirements of this section.

Where  
return and  
declaration  
not trans-  
mitted.

(12) Where the return and declarations respecting election expenses of a candidate at an election have not been transmitted as required by this Act, or, being transmitted, contain some error or false statement, then,

If on  
account of  
candidate's  
illness, etc.

(a) if the candidate applies to a judge competent to recount the votes given at the election and shows that the failure to transmit such return and declarations or any of them, or any part thereof, or any error or false statement therein, has arisen by reason of his illness, or of the absence, death, illness or misconduct of his official agent or of any clerk or officer of such agent, or by reason of inadvertence or of any reasonable cause of a like nature, and not by reason of any want of good faith on the part of the applicant; or

Or agent's  
illness, etc.

(b) if the official agent of the candidate applies to the said judge and shows that the failure to transmit the return and declarations which he was required to transmit, or any part thereof, or any error or false statement therein, arose by reason of his illness or of the death or illness of any prior official agent of the candidate, or of the absence, death, illness or misconduct of his clerk or officer of an official agent of the candidate, or by reason of inadvertence or of any reasonable cause of a like nature, and not by reason of any want of good faith on the part of the applicant;

Judge may  
allow  
authorized  
excuse.

the judge may, after such notice of the application in the electoral district and on production of such evidence of the grounds stated in the application and of the good faith of the application, and otherwise as to the judge seems fit, make such

order for allowing an authorized excuse for the failure to transmit such return and declaration, or for an error or false statement in such return and declaration as to the judge seems just.

(13) Where it appears to the judge that any person being or having been an official agent has refused or failed to make such return or to supply such particulars as will enable the candidate and his official agent respectively to comply with the provisions of this Act as to the return and declaration respecting election expenses, the judge before making an order allowing the excuse as in this section mentioned shall order such person to attend before him, and on such person's attendance shall, unless such person shows cause to the contrary, order him to make the return and declaration, or to deliver a statement of the particulars required to be contained in the return, as to the judge seems just, and to make or deliver the same within such time and to such person and in such manner as the judge may direct, or may order such person to be examined with respect to such particulars, and if the person so ordered does not comply with such order he is guilty of an indictable offence against this Act punishable as provided in this Act.

Or may order official agent to appear, and make return and declaration, or order examination of official agent.

(14) The order may make the allowance conditional upon the making of the return and declaration in a modified form or within an extended time, and upon the compliance with such other terms as to the judge seems best calculated for carrying into effect the objects of this Act; and an order allowing an authorized excuse relieves the applicant for the order from any liability or consequence under this or any other Act in respect of the matters excused by the order; and where it is proved by the candidate to the judge that any act or omission of the official agent in relation to the return and declaration respecting election expenses was without the sanction or connivance of the candidate, and that the candidate took all reasonable means for preventing such act or omission, the judge shall relieve the candidate from the consequences of such act or omission on the part of his official agent.

When order conditions relief of applicant or of candidate.

(15) The date of the order or, if conditions and terms are to be complied with, the date at which the applicant fully complies with them, shall for the purposes of this section be deemed the date of the allowance of the excuse.

Date of order deemed date of allowance.

2. Bribery, Treating, etc., Sections 65 and 66

65. (1) Every person is guilty of the corrupt practice of bribery and of an indictable offence against this Act punishable as provided in this Act, who

Penalty.

- (a) directly or indirectly, by himself or by any other person on his behalf, gives, lends or agrees to give or lend, or offers or promises, or promises to procure or to endeavour to procure, any money or valuable consideration, to or for any elector, or to or for any person on behalf of any elector, or to or for any other person, in order to induce any elector to vote or refrain from voting, or corruptly does any such act on account of such elector having voted or refrained from voting at any election;
- (b) directly or indirectly, by himself or by any other person on his behalf, gives or procures, or agrees to give or procure, or offers, promises, or promises to procure or to endeavour to procure, any office, place or employment, to or for any elector, or to or for any person on behalf of any elector, or to or for any other person, in order to induce such

Giving money, etc., to procure votes.

Giving or promising employment.

elector to vote or refrain from voting, or corruptly does any such act as aforesaid, on account of any elector having voted or refrained from voting at any election;

Gift or  
promise in  
order to  
obtain  
return of  
any person.

(c) directly or indirectly, by himself or any other person on his behalf, makes any such gift, loan, offer, promise, procurement or agreement as aforesaid, to or for any person, in order to induce such person to procure or endeavour to procure the return of any person to serve in the House of Commons, or the vote of any other elector at any election;

Procuring  
return in  
consequence.

(d) upon or in consequence of any such gift, loan, offer, promise, procurement or agreement, procures or engages or promises or endeavours to procure the return of any person to serve in the House of Commons, or the vote of any elector at an election;

Advancing  
money to  
be used in  
bribery.

(e) advances or pays, or causes to be paid, any money to or to the use of any other person, with the intent that such money or any part thereof shall be expended in bribery at any election, or who knowingly pays or causes to be paid any money to any person in discharge or repayment of any money wholly or in part expended in bribery at any election;

Demanding  
bribe of  
candidate  
or agent.

(f) directly or indirectly, by himself or by any other person on his behalf, on account of and as payment for voting or for his having voted or for illegally agreeing or having agreed to vote for any candidate at an election, or on account of and as payment for his having illegally assisted or agreed to assist any candidate at an election, applies to such candidate, or to his agent or agents, for the gift or loan of any money or valuable consideration, or for the promise of the gift or loan of any money or valuable consideration or for any office, place or employment, or for the promise of any office, place or employment;

Receiving  
money, etc.,  
before or  
during an  
election.

(g) before or during any election, directly or indirectly by himself or by any other person on his behalf, receives, agrees or contracts for any money, gift, loan or valuable consideration, office, place or employment, for himself or for any other person, for voting or agreeing to vote, or for refraining or agreeing to refrain from voting at any election;

Or after an  
election.

(h) after any election, directly or indirectly, by himself or by any other person in his behalf, receives any money or valuable consideration on account of such or any other person having voted or refrained from voting, or having induced any other person to vote or refrain from voting, at any election; or

Bribery of  
candidates.

(i) in order to induce a person to allow himself to be nominated as a candidate, or to refrain from becoming a candidate or to withdraw, if he has become a candidate, gives or procures any office, place or employment, or agrees to give or procure, or offers or promises to procure, or to endeavour to procure any office, place or employment, for such person.

Legal  
expenses.

(2) The terms of this section shall not extend or be construed to extend to any money paid or agreed to be paid for or on account of any expenses legally payable and *bona fide* incurred at or concerning any election, and the actual personal expenses of any candidate and his expenses for professional services actually performed and for the fair cost of printing and advertising and for halls or rooms for the holding of meetings shall be held to be expenses legally payable.



**66.** (1) Every person is guilty of the corrupt practice of treating and of an indictable offence against this Act punishable as provided in this Act, who, corruptly, by himself or by any other person, either before, during or after an election, directly or indirectly gives or provides, or causes to be given or provided, or is accessory to the giving or providing, or pays or engages to pay wholly or in part the expense of giving or providing any meat, drink, refreshment or provision, or any money or ticket or other means or device to enable the procuring of any meat, drink, refreshment or provision, to or for any person for the purpose of corruptly influencing that person or any other person to give or refrain from giving his vote at such election or on account of such person or any other person having voted or refrained from voting or being about to vote or refrain from voting at such election, and every elector who corruptly accepts or takes any such meat, drink, refreshment or provision or any such money or ticket, or who adopts such other means or device to enable the procuring of such meat, drink, refreshment or provision is guilty likewise.

Treating  
of any  
person.

Treating  
of elector  
during  
election.

(2) Subsection (1) does not apply to

- (a) an official agent who, as an election expense, provides food such as sandwiches, cakes, cookies, and drink such as tea, coffee, milk or soft drinks at a meeting of electors assembled for the purpose of promoting the election of a candidate during an election; or
- (b) any person other than an official agent who at his own expense provides food such as sandwiches, cakes, cookies, and drink such as tea, coffee, milk or soft drinks at a meeting of electors assembled for the purpose of promoting the election of a candidate during an election.

Official agent  
may furnish  
refreshment.

Furnishing of  
refreshment  
by other  
persons.

### **3. Printed Documents, Payment of Fare to Elector and Non-Residents Forbidden to Canvass: Section 71, 73 and 75**

**71.** Every printed advertisement, handbill, placard, poster or dodger having reference to any election shall bear the name and address of its printer and publisher, and any person printing, publishing, distributing or posting up, or causing to be printed, published, distributed or posted up, any such document unless it bears such name and address is guilty of an offence against this Act punishable on summary conviction as provided in this Act, and if he is a candidate or the official agent of a candidate is further guilty of an illegal practice.

Printed  
documents  
to bear  
name, etc.,  
of printer.

**73.** Every person who before, during or after an election, directly or indirectly or by any means or device in attempted evasion of the following provisions:

Illegal  
payments  
to electors.

- (a) pays or promises to pay in whole or in part the travelling or other expenses of any elector who may intend to vote, in going to or returning from the poll or any polling station, or going to or returning from the neighbourhood thereof; or
- (b) pays or promises to pay or receives or promises to accept payment, in whole or in part by reason of time spent, or for wages or other earnings or possibility thereof lost, by any elector who may intend to vote, in going to, being at or returning from the poll or any polling station, or going to, being at or returning from the neighbourhood thereof;

Payment  
of fare to  
elector.

Payment  
of expenses,  
wages, etc.,  
of electors  
forbidden.

is guilty of an illegal practice and an offence against this Act punishable on summary conviction as provided in this Act.



Non-residents  
of Canada,  
forbidden  
to canvass.

**75.** Any person who resides without Canada and who, to secure the election of any candidate, canvasses for votes or in any way endeavours to induce electors to vote for any candidate at an election, or to refrain from voting, is guilty of an indictable offence against this Act punishable as provided in this Act.

## *B. Administrative Instructions Prepared by The Chief Electoral Officer*

### *1. Candidates and their Official Agents*

Candidates  
and their  
official  
agents.

Sec. 2 (3).

Sec. 62 (1).

Sec. 21 (5).

Sec. 62 (1).

Sec. 62  
(4, 5).

Sec. 62 (3).

**352.** Official nomination is by no means necessary to constitute a person a candidate at a general election. According to the statutory definition every one becomes a "candidate" who is declared by himself or by others, with his consent, to be a candidate at a time when there is a vacancy in the electoral district in question either in consequence of the dissolution of Parliament or otherwise. Every candidate in this broad sense must have an official agent, who should be appointed by the candidate, but may be appointed by someone else on his behalf if the candidate is absent from the electoral district. It is not obligatory for the official agent to be a qualified elector in any electoral district, but such agent should always be a Canadian citizen or other British subject of at least 21 years of age. Written notice of the appointment of an official agent may be given to the returning officer by or on behalf of the candidate at any time, but the Statute prescribes that it must be given in the space provided for that purpose in the nomination paper, and it is the duty of the returning officer to publish the name of the official agent in the Notice of Grant of a Poll, which is printed immediately after nomination day. For the protection of the candidate, the earlier the notice of the appointment of the official agent is given, the better; it need not be given until nomination day, but if the giving of it is delayed until some time after the candidate has entered the field, his friends should be informed of the person selected in order that they may not jeopardize the candidate's election or expose themselves to penalties by individually paying expenses which should have been met by the official agent. A candidate is almost as fully responsible for the acts of his official agent as he is for his own, and since the official agent can do almost anything that the candidate himself can do in relation to the election campaign, as well as many things the candidate cannot do, he should be a person upon whose capacity, judgment, and probity the candidate can rely with complete confidence. If the official agent selected is a person who can be depended upon to familiarize himself with the electoral law and keep full and accurate accounts, the details of the financial organization of the election campaign may safely be left to him; the general principles upon which he should act are quite simple and their application requires only care and intelligence, but an official agent who is not thoroughly competent and entirely trustworthy may expose a successful candidate to the loss of his seat in spite of every effort on the part of such candidate to ensure the proper conduct of his election campaign. As in the case of other electors, official agents are entitled to vote at a general election in the electoral district in which they are qualified as electors. No returning officer, or deputy returning officer, or election clerk, or the partner or clerk of either of them, may be appointed as the official agent of any candidate.

## 2. Duties of Official Agents

**353.** The principal function of an official agent is to act as the candidate's campaign treasurer. With certain exceptions referred to hereunder, every dollar expended by or on behalf of a candidate for the purpose of or in discharge of a liability incurred in the conduct or management of the election campaign, must pass through his official agent's hands, and it is immaterial whether the payment has been made or the liability incurred while a vacancy exists in the representation of the electoral district or after it has been filled. It is an offence for any one except the official agent to pay any election campaign expense or discharge an election campaign liability not within an excepted class, and practically every contribution to any campaign fund must consequently be made direct to the official agent; it is inadvisable and may possibly be dangerous for a candidate himself to receive any contribution, even if he hands it at once to his official agent. After the general election every candidate and every official agent must make a declaration attesting an itemized statement of receipts and expenditures made by him or on his behalf in relation to the conduct or management of the election campaign, and the omission from this statement of any receipt or expenditure of which the declarant has knowledge may result in the setting aside of the candidate's election, if he has been successful, and will in any event expose the declarant to a prosecution for perjury. The utmost care should consequently be exercised to ensure that every contribution to a candidate's election campaign fund is made to his official agent, and that the official agent makes every campaign disbursement, unless the contribution or expenditure falls within one or other of three exceptions defined hereunder. The first exception includes all disbursements made by any one for stationery, postage, telegrams, and other petty expenses under a previous written authority from the official agent which specifies the total amount beyond which the expenditure is not to extend. The second exception includes any disbursement made by any one out of his own money for any small expenses legally incurred of which no part is repaid to him; for the payment of such last mentioned small expenses no previous authority is necessary, but it is only when such a previous authority has been given that an expenditure made by any one other than the official agent may be reimbursed to the person by whom it has been made. The third exception includes the disbursements made by the candidate himself out of his own money for his personal expenses up to a total of \$2,000. No candidate is permitted to pay out any item of expenditure not properly a personal expense and may not disburse, even for his personal expenses, any money contributed by any one else, or even his own money in excess of \$2,000, although he may furnish his official agent with as much money as he likes for the purpose of meeting campaign expenses generally or his own personal expenses in excess of the sum named.

## 3. Campaign Contributions

**354.** There is no prohibition against the receipt of campaign contributions from any source. Consequently, the source of campaign contributions is not material, and all contributions, no matter what their source, may be treated in the same way.

#### 4. *Permissible and Forbidden Expenditures*

Objects and  
amount of  
expenditure.

Sec. 65.  
Sec. 66.

Sec. 15.

**355.** No payment may, of course, be made either directly to induce any one to vote or abstain from voting, or to cause others to do so, or indirectly for this purpose either by the supply of anything, even food and drink, or in any other way; any payment intended as an inducement is corrupt, no matter what its ostensible object. However, subsection (2) of section 66 of the Act permits the furnishing of certain refreshments by the official agent and other persons. But there is no limitation upon the amount which a candidate may lawfully disburse in good faith, or any restriction, except as above noted, upon the objects of such expenditures. It must, however, be remembered that any person who is employed for pay or reward on behalf of a candidate in reference to a general election, is thereby disqualified from voting, unless such person comes under the exceptions prescribed in subsections (2) and (3) of section 15 of the Act.

#### 5. *Accounting and Precautionary Measures*

Election  
accounting.

Sec. 62 (16).

Sec. 63 (1).

Sec. 62 (7).

Sec. 63 (2).

Sec. 62 (18).

**356.** The candidate should himself keep careful track of the personal expenses he incurs, since he must after the general election certify in writing their amount to his official agent in order that the latter may include it in his return of election expenses. The official agent must carefully record the subscriptions received and disbursements made so that he can, after the general election, render an accurate account showing the source and application of the funds collected and disbursed for the purpose of the campaign; to this he must be prepared to attach itemized vouchers from the persons to whom he has paid any sum of \$25 or more, or to whom he has refunded any petty expenditure, no matter what its amount, made pursuant to a written authority given by him before the petty expenditure was incurred. It is also advisable for the candidate and his official agent to take such action as seems possible to prevent indiscretions on the part of the candidate's supporters, since the avoidance of the election of the candidate which might otherwise follow from a corrupt practice committed by a person (other than the official agent), may be escaped by proof that the said candidate and his official agent have taken all reasonable means to prevent such practices.

#### 6. *Notification of Appointment of Official Agent*

Appoint-  
ment of  
official  
agent.

Sec. 62 (1).

**357.** A written notice must, at the latest on nomination day, be given to the returning officer of the name, address, and occupation of the official agent, and the returning officer is required to publish the name, address, and occupation of every official agent in the Notice of Grant of a Poll (Form 30). It is not essential that the returning officer should be notified before nomination day, but if the official nomination of the candidate is actually made in advance of that day, the appointment of the official agent should be made at the same time in the space provided for that purpose on the nomination paper (Forms 27, 28).

#### 7. *Incapacity to Act of Official Agent*

Changing  
official  
agent.  
Sec. 62 (2).

**358.** If, after the name, address, and occupation of the official agent have been declared to the returning officer, the person designated becomes unable or refuses to act, another appointment should at once be made and a fresh declaration of the name, address, and occupation of the new official agent must be given to the returning officer. Whenever an official agent is substituted for another, as complete a return as possible should be obtained from the first



appointee of the sums received and expended by him during the time he acted. If such official agent refuses to furnish such a return, an application may be made to the appropriate judge to compel him to do so. Sec. 63 (13).

8. *Personal Expenses of Candidate*

**391.** Whether the candidate has been elected or defeated, and even if he has not gone to the poll,\* attention must, after the declaration of the elected candidate, be given to the making of a return of his election expenses. The first duty of the candidate is to certify to his official agent in writing the amount of his personal expenses which he has paid out of his own money and which, as already indicated, must not exceed \$2,000. If he has been obliged to incur personal expenses to a greater amount, all items beyond the first \$2,000 must be met by the official agent out of the campaign fund in his hands and a return made of the several items. The candidate may, of course, furnish his official agent with the necessary funds to pay these personal expenses, but he may not himself pay them direct to the creditor. Candidate's personal expenses.  
Sec. 62 (4, 15).

9. *Accounts and their Payment*

**392.** There is no legal liability upon the candidate to pay any account for anything done or supplied on credit in relation to the election campaign, unless the contract has been made in writing signed by either the candidate or his official agent, and the persons by whom credit has been given for any sums payable in relation to the said campaign must send in their accounts within one month from the date upon which the declaration of the elected candidate was made. The accounts must be sent to the official agent; they may be sent to the candidate only if the official agent is dead, and if they are sent to the candidate notwithstanding that the official agent is alive, they can be paid only after permission for their payment has been obtained from the appropriate judge. A like permission is necessary before payment can be made of any account not sent in within a month from the declaration of the elected candidate, unless the delay has been due to the death of the creditor, in which event the account may be paid without an application to the appropriate judge, provided that it is sent by the executor or administrator within one month after the issue to him of letters probate or letters of administration. Moreover, any creditor who fails to send his account to the official agent within such time loses any legal right he may have had previously to recover the sum claimed. The accounts properly payable must be settled within fifty days after the declaration of the elected candidate, and the payment, after the expiration of this period of fifty days, even of an account received in time, constitutes an election offence, unless, as in the case of an account rendered too late, an application has been made to the appropriate judge and an order obtained from him permitting the account to be paid. Election expense accounts.  
Sec. 62 (6).  
Sec. 64.  
Sec. 62 (8).  
Sec. 62  
(8, 12).  
Sec. 62 (10).  
Sec. 62 (8).  
Sec. 62 (11).  
Sec. 62 (12).

10. *Form of Return of Election Expenses*

**393.** The completion of the return of election expenses can be proceeded with by the official agent either as soon as he knows that all outstanding accounts have been paid, or immediately upon the expiration of one month from the date Form of return of election expenses.

\* Every candidate who has been publicly in the field should cause to be made a return of election expenses, even if he has not been officially nominated or has made no election expenditure whatever. See Secs. 2 (3), 62, and 63 (1) of the Act.



- of the declaration of the elected candidate and the payment of the accounts rendered up to that time, whichever is the later. The form of return of election expenses (Form 61) indicates the way in which the accounts are to be classified, and to the said return, vouchers must be attached for all payments of \$25 or more and for sums, however small, expended in the first instance by any one other than the official agent, but under his written authority, and now repaid by the official agent. If the official agent has within time received accounts which for any reason he disputes, or if within the fifty days by reason of lack of funds or otherwise, he has failed to pay any accounts rendered within time, he must refer separately to these in his return. In order that they may be paid, an order from the appropriate judge giving leave for the purpose must be obtained on the application of the claimant, of the candidate or of the official agent, or if the creditor brings action and recovers judgment, the account may lawfully be paid.
- Sec. 62 (7). A supplementary return must, however, be promptly made, if, after the handing in of the main return, leave is given by the appropriate judge to pay any account which was not received within time or to which, by error or otherwise, no reference was made in the return, or if payment is made of an account rendered by the executor or administrator of a creditor who has died within one month after the declaration of the elected candidate. It is probably advisable that a supplementary return should be made of any payment under a judgment on a disputed account.
- Sec. 62 (12).
- Sec. 62 (14).
- Sec. 63 (4).
- Sec. 63 (11).

### 11. *Time for and Verification of Return*

- Time for return of election expenses.
- Sec. 63 (1).
- Sec. 63 (2).
- Sec. 63 (3).
- Sec. 63 (10).
- Sec. 63 (4).
- Sec. 63 (11).
- Sec. 63 (4).
- 394.** The return of election expenses must be sent by the official agent to the returning officer within two months after the declaration of the elected candidate. Approximately ten days thus intervene between the expiry of the time limited for the payment of accounts and that allowed for the deposit of the return with the returning officer. Accompanying the return there must be a statutory declaration (Form 62) by the official agent verifying it, and a like declaration (Form 63) must, at least within ten weeks after the candidate who has obtained the largest number of votes has been declared elected, be sent to the returning officer by the candidate concerned, unless the latter is absent from Canada, in which case his declaration (Form 64) verifying the return may be delayed until he comes back, but must be made within fourteen days after he does so. Supplementary returns, if any are required, are governed by the same rules as apply to the main return, but such a return covering a belated or omitted account must be made within one week after the approval of its payment by the appropriate judge. When judgment is given on a disputed account, a supplementary return, if one is made, should, for greater security, be transmitted to the returning officer within one week after judgment and a copy of the judge's order should be attached to it. For a supplementary return covering the account from the executor or administrator of a deceased creditor a month from its receipt is allowed.

### 12. *Importance of Complete and Prompt Return*

- Default in return of election expenses.
- Sec. 63 (8).
- Sec. 63 (7).
- 395.** Default in the making of the return of election expenses within the time limited therefor is not only a punishable offence, but may cost the successful candidate his seat. If, moreover, after the time for the transmission of the return has expired, a successful candidate takes his seat in the House of Commons, he subjects himself to a very heavy penalty. A successful candidate is therefore well

advised to see that the said return is made as soon as possible, and an early return has the additional advantage that the time allowed for an election petition, speaking generally, runs from the date of the return, so that the earlier it is made the earlier the time for filing an election petition expires.

**13. *Publication and Inspection of Return***

**396.** When the returning officer receives a return of election expenses it is his duty to publish a summary of it in the form prescribed (Form 115) in a local newspaper. This summary must be signed by the official agent and the expenses of its publication must be met by the candidate; the cost of this publication will be paid in advance to the returning officer. The returning officer is required to retain the return of election expenses with its accompanying vouchers and declarations for six months, during which period he must, on receipt of a fee of twenty cents, permit them to be inspected by any elector who desires to do so and must allow extracts to be taken. At the expiration of the said six months the returning officer is required, if a request has been made by the appropriate candidate or his official agent, to hand the return of election expenses to such candidate; otherwise, he may destroy them.

Publication and inspection of return of election expenses. Sec. 63 (5). Sec. 63 (6).

**14. *Relief against Defaults and Errors***

**397.** If, for any reason, default is made in the delivery of a return of election expenses to the returning officer, or if, after it has been made, it is discovered to contain some error or mis-statement, an application for relief from the penalties attached to the default or to the inaccuracy of the said return should immediately be made to the appropriate judge on proper affidavits stating the reasons for the default or the excuses for the error or mis-statement. The grounds upon which such an application may be granted and the procedure to be followed thereon are set out in the Statute with considerable fullness, and should be considered with care if an application becomes necessary.

Relief after default. Sec. 63 (12-15).

# C. Forms Concerning Election Expenses

FORM No. 61.

## RETURN OF ELECTION EXPENSES. (Sec. 63.)

Electoral District of .....  
On behalf of ....., a Candidate.

### CERTIFICATE OF PERSON BEFORE WHOM STATUTORY DECLARATION IS MADE.

This is the return of election expenses referred to in the statutory declaration of ....., which said statutory declaration (in Form Nos. 62, 63 and 64 in Schedule I to the *Canada Elections Act*) was declared before me at ....., this ..... day of ....., 19 .....

.....  
*Returning Officer*  
(or as the case may be)

### RETURN.

I, ..... of ....., in the Province of ....., being official agent for ....., a candidate at the election of a member to serve in the House of Commons of Canada, held on the (*insert date of poll*) day of ....., 19....., in the above mentioned electoral district, make the following return respecting the election expenses of the said candidate at the said election.

### 1—RECEIPTS.

#### (a) Money or its value received.

There are accurately set out hereunder the name and occupation of every person (including the candidate) and of every club, society, company or association, from whom any money, securities or the equivalent of money was received in respect of expenses incurred on account of or in connection with or incidental to the above election, showing in the case of each person the amount or value received as a contribution (including subscription or gift), loan, advance, deposit or otherwise:

Name	Address	Occupation	State whether contribution, loan, advance or deposit	Amount or value
.....	.....	.....	.....	.....
.....	.....	.....	.....	.....
.....	.....	.....	.....	.....
Total				.....

(b) Money or its value promised but not received.

In addition to the foregoing items, the persons (including the candidate), clubs, societies, companies or associations hereunder mentioned are all who have promised to pay but have not yet paid money or its equivalent for the purposes of expenses incurred, or to be incurred, on account of or in respect of the conduct or management of the said election, and the amount or value promised by them respectively, with its character, is set out after their names:

Name	Address	Occupation	State whether contribution, loan, advance, deposit, etc.	Amount or value
Total				

2—PAYMENTS MADE NOT REQUIRING A JUDGE'S ORDER.

(a) Candidate's personal expenses, postage, telegrams and petty claims.

Personal expenditure of candidate paid by him personally and notified to me under section 62 (4, 16).			Petty expenses paid under written authority under section 62 (17, 18), the statements of particulars being attached and numbered consecutively.		
Paid by me as his official agent			Consec. No.	Name	Amount
Total.....					
Postage paid by me.....					
Telegrams paid by me.....					
				Total.....	

(b) Hire of premises.

There are set out below the name and address of every person, club, society, company and association from whom premises were hired for the purpose of the election, with a description of the premises so hired, the purpose for which and the length of time during which the same were used, and the amount paid therefor, vouchers for all the said payments for which vouchers have been received being attached hereto and numbered consecutively as indicated in the proper column below:

Consec. No. of voucher	Name of person from whom premises hired	Address	Description of premises hired	Purpose for which used	Time for which used	Amount paid	
Total							



(c) Services.

The following statement contains the name and address of every person, club, society, company or association to whom any payment was made for work done, with a description of the nature of the work done and the amount paid to each, vouchers for such payments being attached hereto, so far as the same have been received, and numbered consecutively as indicated in the proper column below:

Consec. No. of voucher	Name	Address	Nature of work done	Amount paid	
Total					

(d) Travelling expenses and hire of vehicles.

The following statement contains the name and address of every person, club, society, company or association to whom any payment was made for travelling expenses or the hire of vehicles with the amounts paid to each, vouchers for such payments being attached hereto, so far as the same have been received, and numbered consecutively as indicated in the proper column below:

Consec. No. of voucher	Name	Address	Nature of claim	Amount	
Total					

(e) Goods supplied.

The following statement contains the name and address of every person, club, society, company or association to whom any payment (not already set out) was made, for goods supplied, with a description of the goods supplied and the amounts paid to each, vouchers for such payments being attached hereto so far as the same have been received and numbered consecutively as indicated in the proper column below:

Consec. No. of voucher	Name	Address	Description of goods supplied (If only hired, so state and give duration)	Amount paid	
Total					

### (f) Advertising.

The following statement contains the name and address of every person, club, society, company and association to whom any payment (not already set out) was made for advertising, with a description of such advertising and the amount paid to each, vouchers for such payments being attached hereto, so far as the same have been received, and numbered consecutively as indicated in the proper column below:

Consec. No. of voucher	Name	Address	Name of publication	Dates of issues	Amount	
Total						

### 3—UNDISPUTED CLAIMS STILL UNPAID OR UNDER A JUDGE'S ORDER.

The following statement contains the names and addresses of all persons whose undisputed claims were received too late, or remained unpaid too long, to be payable without a judge's order and in respect of which such an order has been or is about to be applied for, together with particulars of the nature of the claim, its amount, etc., as below set out:

Name	Address	Nature of claim	Paid or unpaid	If paid, date of order or judgment	Amount	
Total						

### 4—DISPUTED CLAIMS.

In addition to the above, I am aware as official agent for the said candidate of the following (and only of the following) disputed and unpaid claims, the names and addresses of the claimants, the character of the claims respectively and the amount thereof being as set out below:

Name	Address	Character of disputed account	Amount	
Total				

FORM No. 62.

OFFICIAL AGENT'S DECLARATION AS TO EXPENSES. (Sec. 63(2).)

I, ....., being official agent of .....,  
a candidate at the election held on the ..... day  
of ....., 19 ....., of a  
member to serve in the House of Commons of Canada, do hereby solemnly  
declare that I have examined the return of election expenses about to be trans-  
mitted by me to the returning officer at the said election and now shown to me  
by the officer before whom this declaration is made and to the best of my  
knowledge and belief that return is correct;

And I hereby further solemnly declare that except as appears from that  
return, I have not and to the best of my knowledge and belief no other person,  
nor any club, society, company or association has on behalf of the said candi-  
date made any payment, or given, promised, or offered any reward, office, em-  
ployment, or valuable consideration, or incurred any liability on account of or  
in respect of the conduct or management of the said election;

And I further solemnly declare that I have received from the said candidate  
the sum of (*insert "No" if the fact is so*) .....  
.....dollars and no more for the purposes of the said  
election, and that, except as specified in the said return sent by me, no money,  
security, or equivalent for money has been paid, advanced, given or deposited  
by any one to me or in my hands, or to the best of my knowledge and belief, to  
or in the hands of any other person for the purpose of defraying any expenses  
incurred on behalf of the said candidate on account of or in respect of the con-  
duct or management of the said election.

And I make this solemn declaration conscientiously believing it to be true,  
and knowing that it is of the same force and effect as if made under oath, and  
by virtue of the *Canada Evidence Act*.

.....  
(*Signature of declarant*)

Signed and declared before me by the above named declarant at  
....., in the Province  
of ....., on the ..... day  
of ....., 19 .....

.....  
*Returning Officer*  
(*or as the case may be*)

FORM No. 63.

CANDIDATE'S DECLARATION AS TO EXPENSES. (Sec. 63 (3).)

(*Ordinary Form*)

1. I, ....., whose address is ..... and whose occupation is ....., having been a candidate at the election of a member to serve in the House of Commons of Canada for the electoral district of ....., held on the (*insert date of poll*) day of ....., 19 ....., do hereby solemnly declare that I have examined the return of election expenses transmitted or about to be transmitted by my official agent to the returning officer at the said election, a copy of which return is now shown by me and signed by the officer before whom this declaration is made, and to the best of my knowledge and belief that return is correct;

2. And I further solemnly declare that, except as appears from that return, I have not, and to the best of my knowledge and belief no person, nor any club, society, company or association has, on my behalf, made any payment, or given, promised, or offered any reward, office, employment, or valuable consideration, or incurred any liability on account of or in respect of the conduct or management of the said election;

3. And I further solemnly declare that I have paid to my said official agent the sum of ..... and no more for the purpose of the said election, and that, except as specified in the return, no money, security, or equivalent for money has to my knowledge or belief been paid, advanced, given or deposited by any one to or in the hands of my official agent or any other person for the purpose of defraying any expenses incurred on my behalf on account of or in respect of the conduct or management of the said election;

4. And I further solemnly declare that I will not, except so far as I may be permitted by law, at any future time make or be party to the making or giving of any payment, reward, office, employment, or valuable consideration for the purpose of defraying any such expenses as last mentioned, or provide or be party to the providing of any money, security, or equivalent for money for the purpose of defraying any such expenses.

And I make this solemn declaration conscientiously believing it to be true, and knowing that it is of the same force and effect as if made under oath, and by virtue of the *Canada Evidence Act*.

.....  
(*Signature of declarant*)

Signed and declared before me by the above named declarant at ....., in the Province of ....., on the ..... day of ....., 19.....

.....  
*Returning Officer*  
(*or as the case may be*)



FORM No. 64.

CANDIDATE'S DECLARATION AS TO EXPENSES. (Sec. 63 (3).)

(Alternative Form)

1. I, ....., whose address is ..... and whose occupation is ....., having been (*insert "in my absence nominated as" or "declared by others to be"*) a candidate at the election of a member to serve in the House of Commons of Canada for the electoral district of ....., held on the (*insert the date of poll*) day of ....., 19 ....., do hereby solemnly declare that I have taken no part whatever in the said election;

2. And I further solemnly declare that, with the exceptions undernoted, I have not, and no person, club, society, company or association on my behalf, has made any payment, or given, promised, or offered any reward, office, employment or valuable consideration or incurred any liability on account of or in respect of the conduct or management of the said election;

Exceptions:

3. And I further solemnly declare that, with the exceptions undernoted, I have not paid any money or given any security or equivalent for money to the person acting as my official agent at the said election, or to any other person, club, society, company or association on account of or in respect of the conduct or management of the said election;

Exceptions:

4. And I further solemnly declare that, with the exceptions undernoted, I am entirely ignorant of any money, security, or equivalent for money having been paid, advanced, given or deposited by any one for the purpose of defraying any expenses incurred on account of or in respect of the conduct or management of the said election;

Exceptions:

5. And I further solemnly declare that I will not, except so far as I may be permitted by law, at any future time, make or be party to the making or giving of any payment, reward, office, employment, or valuable consideration for the purpose of defraying any such expenses as last mentioned, or provide or be party to the providing of any money, security, or equivalent of money for the purpose of defraying any such expenses.

And I make this solemn declaration conscientiously believing it to be true, and knowing that it is of the same force and effect as if made under oath, and by virtue of the *Canada Evidence Act*.

.....  
(Signature of declarant)

Signed and declared before me by the above named declarant at .....  
of ....., in the Province  
of ....., on the ..... day  
of ....., 19.....

.....  
Returning Officer  
(or as the case may be)

FORM 115.

*(To be prepared by the returning officer from the return of election expenses filed by the official agent of each candidate, and, when signed by both the returning officer and such official agent, the summary is to be published in one newspaper, as prescribed by Section 63(5) of the Act.)*

CANADA ELECTIONS ACT

Electoral District of .....

SUMMARY OF RETURN OF ELECTION EXPENSES

There is below set out, as required by Section 63 (5) of the *Canada Elections Act*, a summary, signed by the official agent, of the return of election expenses made to me by him on behalf of ....., one of the candidates at the recent election of a member to serve in the House of Commons of Canada held in the above-mentioned electoral district, which said return is on file at my office and may, on payment of a fee of twenty cents, be there inspected and extracts taken therefrom at any reasonable time during the six months next after the ..... day of ..... 19....., being the day upon which the said return was furnished to me.

Dated at ....., this ..... day of ....., 19.....

.....  
*Returning Officer.*

Summary of Return of Election Expenses of .....  
*(Insert name of candidate)*

Receipts	Amount		Number of persons from whom received
Receipts, contributions, etc.....	\$.....		
Promised unpaid contributions, etc.....			
Total.....	\$.....		

Payments	Amount		Number of persons paid
Candidate's personal expenses.....	\$.....		
Postage.....			
Telegrams.....			
Petty claims.....			
Hire of premises.....			
Services.....			
Travelling expenses and hire of vehicles.....			
Goods supplied.....			
Advertising.....			
Total.....			

#### Delayed Undisputed Claims

.....

.....

.....

.....

.....

#### Disputed Claims

.....

.....

.....

.....

.....

Dated at ....., this ..... day of ....., 19.....

.....  
*Official Agent.*

### III. POLITICAL ACTIVITIES

#### A. *Infractions of Certain Laws*

*Criminal Code, Statutes of Canada, 1953-54, 2-3 Eliz. II, c. 51*

**100. (1) Every one who**

**Bribery of  
Judicial**

- (a) being the holder of a judicial office, or being a member of the Parliament of Canada or of a legislature, corruptly
- (i) accepts or obtains,
  - (ii) agrees to accept, or
  - (iii) attempts to obtain,
- any money, valuable consideration, office, place or employment for himself or another person in respect of anything done or omitted or to be done or omitted by him in his official capacity; or
- (b) gives or offers corruptly to a person who holds a judicial office, or is a member of the Parliament of Canada or of a legislature, any money, valuable consideration, office, place or employment in respect of anything done or omitted or to be done or omitted by him in his official capacity for himself or another person,

is guilty of an indictable offence and is liable to imprisonment for fourteen years.

**101. Every one who**

**Bribery of  
Officers.**

- (a) being a justice, police commissioner, peace officer, public officer, or officer of a juvenile court, or being employed in the administration of criminal law, corruptly
- (i) accepts or obtains,
  - (ii) agrees to accept, or
  - (iii) attempts to obtain,
- for himself or any other person any money, valuable consideration, office, place or employment with intent
- (iv) to interfere with the administration of justice,
  - (v) to procure or facilitate the commission of an offence, or
  - (vi) to protect from detection or punishment a person who has committed or who intends to commit an offence; or
- (b) gives or offers, corruptly, to a person mentioned in paragraph (a) any money, valuable consideration, office, place or employment with intent that the person should do anything mentioned in subparagraph (iv), (v) or (vi) of paragraph (a), is guilty of an indictable offence and is liable to imprisonment for fourteen years.



Contractor  
Subscribing  
to Election  
Fund.

102. (2) Every one commits an offence who, in order to obtain or retain a contract with the government, or as a term of any such contract, whether express or implied, directly or indirectly subscribes, gives, or agrees to subscribe or give, to any person any valuable consideration

- (a) for the purpose of promoting the election of a candidate or a class or party of candidates to the Parliament of Canada or a legislature, or
- (b) with intent to influence or affect in any way the result of an election conducted for the purpose of electing persons to serve in the Parliament of Canada or a legislature.

Punishment.

(3) Every one who commits an offence under this section is guilty of an indictable offence and is liable to imprisonment for five years.

### B. Restrictions on Civil Servants

*Civil Service Act, Statutes of Canada, 9-10 Eliz. II, 1960-61, c. 57*

Partisan  
Work  
Prohibited.

61. (1) No deputy head or employee shall

- (a) engage in partisan work in connection with any election for the election of a member of the House of Commons, a member of the legislature of a province or a member of the Council of the Yukon Territory or the Northwest Territories; or
- (b) contribute, receive or in any way deal with any money for the funds of any political party.

Violation.

(2) Every person who violates subsection (1) is liable to be dismissed.

Inquiry  
before  
Dismissal.

(3) No person shall be dismissed for a violation of subsection (1) unless the alleged violation has been the subject of an inquiry at which that person has been given an opportunity of being heard, personally and through his representative.

## APPENDIX 2

DECLARED ELECTION EXPENSES BY POLITICAL AFFILIATION

1949-1965

TABLE 1: CANADA

Political Affiliation	TOTAL AMOUNTS DECLARED BY CANDIDATES OF EACH PARTY (in thousands of dollars, rounded to nearest thousand)							NUMBER OF CANDIDATES FILING RETURNS						
	1949	1953	1957	1958	1962	1963	1965	1949	1953	1957	1958	1962	1963	1965
Liberal.....	1,013	1,284	1,674	1,118	2,115	2,094	2,616	255	257	245	203	238	232	232
Progressive Conservative.....	899	891	1,260	1,872	2,299	1,405	1,779	215	212	236	259	229	214	216
CCF - NDP.....	177	156	219	201	391	288	516	152	134	135	129	177	164	175
Social Credit.....	24	81	141	70	269	227	143	24	64	95	56	155	149	60
Ralliement des Cr�diistes.....	—	—	—	—	—	—	60	—	—	—	—	—	—	37
Union of Electors.....	9	—	—	—	—	—	—	16	—	—	—	—	—	—
Labour Progressive.....	24	42	5	8	—	—	—	14	77	7	13	—	—	—
Communist.....	—	—	—	—	9	6	8	—	—	—	—	10	9	8
Other Parties (includes "Others").....	8	4	*	1	—	*	4	5	2	3	1	—	1	5
Independents.....	50	71	97	6	13	19	33	24	22	26	12	10	11	16
Other Independents.....	—	—	—	—	—	—	15	—	—	—	—	—	—	9
Total.....	2,204	2,528	3,396	3,276	5,096	4,040	5,173	705	768	747	673	819	780	758

SOURCE: Information summarized from seven *Sessional Papers* obtained from the Office of the Chief Electoral Officer. The *Sessional Papers* were tabled in the House of Commons February 15, 1950, January 13, 1954, August 12, 1958, November 26, 1959, November 27, 1962, September 26, 1963, March 18, 1966.

\*Less than \$1,000.

TABLE 1 (Continued)

Political Affiliation	NUMBER OF SEATS WON						NUMBER OF CANDIDATES NOT FILING RETURNS							
	1949	1953	1957	1958	1962	1963	1965	1949	1953	1957	1958	1962	1963	1965
Liberal.....	190	171	106	49	100	129	131	5	8	20	62	26	33	33
Progressive Conservative.....	41	51	112	208	116	95	97	35	37	20	6	37	51	49
CCF — NDP.....	13	23	25	8	19	17	21	28	36	27	40	41	68	80
Social Credit.....	10	15	19	—	30	24	5	4	9	18	26	75	75	26
Ralliement des Cr�ditistes.....	—	—	—	—	—	—	9	—	—	—	—	—	—	40
Union of Electors.....	—	—	—	—	—	—	—	39	—	—	—	—	—	—
Labour Progressive } Communist	—	—	—	—	—	—	—	3	23	3	5	—	—	—
Other Parties (includes "Others").....	—	—	—	—	—	—	—	—	—	—	—	2	2	4
Independents.....	8	5	3	—	—	—	1	2	5	9	10	5	8	5
Other Independents.....	—	—	—	—	—	—	1	28	15	24	14	12	11	7
Total.....	262	265	265	265	265	265	265	144	133	121	163	198	248	255



TABLE 2: BRITISH COLUMBIA

Political Affiliation	TOTAL AMOUNTS DECLARED BY CANDIDATES OF EACH PARTY (in thousands of dollars, rounded to nearest thousand)							NUMBER OF CANDIDATES FILING RETURNS						
	1949	1953	1957	1958	1962	1963	1965	1949	1953	1957	1958	1962	1963	1965
Liberal.....	112	154	179	69	137	154	206	16	22	22	22	21	20	22
Progressive Conservative.....	112	75	140	141	184	117	131	15	16	22	22	22	21	21
CCF-NDP.....	14	23	38	35	56	53	80	15	21	21	22	22	21	20
Social Credit.....	*	32	62	22	40	30	43	2	20	21	20	19	17	16
Labour Progressive.....	1	5	1	1	—	—	—	3	16	2	3	—	—	—
Communist.....	—	—	—	—	4	2	2	—	—	—	—	3	2	2
Other Party.....	—	—	—	—	—	—	*	—	—	—	—	—	—	1
Independent.....	4	*	*	—	—	7	*	1	1	1	—	1	2	1
Other Independent.....	—	—	—	—	—	—	1	—	—	—	—	—	—	1
Total.....	244	289	420	269	421	364	464	52	96	89	89	88	83	84

\* Less than \$1,000.

TABLE 2 (Continued)

Political Affiliation	NUMBER OF SEATS WON							NUMBER OF CANDIDATES NOT FILING RETURNS						
	1949	1953	1957	1958	1962	1963	1965	1949	1953	1957	1958	1962	1963	1965
Liberal.....	11	8	2	—	4	7	7	—	—	—	—	—	2	—
Progressive Conservative.....	3	3	7	18	6	4	3	—	—	—	—	—	1	1
CCF — NDP.....	3	7	7	4	10	9	9	3	1	1	—	—	1	2
Social Credit.....	—	4	6	—	2	2	3	—	2	—	2	3	5	6
Labour Progressive }.....	—	—	—	—	—	—	—	—	1	—	—	—	—	—
Communist.....	—	—	—	—	—	—	—	—	—	—	—	—	—	2
Other Party.....	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Independent.....	1	—	—	—	—	—	—	1	—	1	—	—	1	1
Other Independent.....	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total.....	18	22	22	22	22	22	22	4	4	2	4	3	10	12

TABLE 3: ALBERTA

Political Affiliation	TOTAL AMOUNTS DECLARED BY CANDIDATES OF EACH PARTY (in thousands of dollars, rounded to nearest thousand)							NUMBER OF CANDIDATES FILING RETURNS						
	1949	1953	1957	1958	1962	1963	1965	1949	1953	1957	1958	1962	1963	1965
Liberal.....	46	72	120	67	77	92	116	17	17	16	16	17	15	14
Progressive Conservative.....	55	37	75	127	166	162	141	14	10	17	17	17	17	17
CCF - NDP.....	11	8	17	9	22	14	18	13	12	15	14	16	13	12
Social Credit.....	20	32	39	37	65	57	82	17	17	17	16	17	15	15
Labour Progressive.....	2	6	*	1	—	—	—	2	12	1	2	—	—	—
Communist.....	—	—	—	—	—	1	2	—	—	—	—	—	2	2
Independent.....	1	*	*	*	*	1	—	2	1	2	2	1	2	—
Total.....	136	155	252	243	332	327	358	65	69	68	67	68	64	60

\*Less than \$1,000.

TABLE 3 (Continued)

Political Affiliation	NUMBER OF SEATS WON							NUMBER OF CANDIDATES NOT FILING RETURNS						
	1949	1953	1957	1958	1962	1963	1965	1949	1953	1957	1958	1962	1963	1965
Liberal.....	5	4	1	—	—	1	—	—	—	1	1	—	2	3
Progressive Conservative.....	2	2	3	17	15	14	15	—	2	—	—	—	—	—
CCF — NDP.....	—	—	—	—	—	—	—	—	1	—	1	1	4	5
Social Credit.....	10	11	13	—	2	2	2	—	—	—	1	—	2	2
Labour Progressive.....	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Communist.....	—	—	—	—	—	—	—	—	—	—	—	—	—	1
Independent.....	—	—	—	—	—	—	—	—	—	—	—	2	—	—
Total.....	17	17	17	17	17	17	17	—	3	1	3	3	8	11



TABLE 4: SASKATCHEWAN

Political Affiliation	TOTAL AMOUNTS DECLARED BY CANDIDATES OF EACH PARTY (in thousands of dollars, rounded to nearest thousand)							NUMBER OF CANDIDATES FILING RETURNS						
	1949	1953	1957	1958	1962	1963	1965	1949	1953	1957	1958	1962	1963	1965
Liberal.....	49	47	75	48	69	77	98	20	16	16	15	16	17	16
Progressive Conservative.....	55	37	53	78	131	95	95	20	15	16	17	17	17	17
CCF - NDP.....	52	51	66	56	76	50	83	19	17	16	15	16	16	17
Social Credit.....	3	5	18	2	17	8	5	4	11	14	1	13	10	10
Labour Progressive.....	3	4	*	1	—	—	—	2	9	1	2	—	—	—
Communist.....	—	—	—	—	*	1	*	—	—	—	—	1	2	1
Other Parties.....	—	—	*	—	—	—	—	—	—	1	—	—	—	—
Independent.....	—	—	—	*	—	*	—	—	—	—	1	—	1	—
Total.....	161	144	214	185	294	201	281	65	68	64	51	63	63	61

\*Less than \$1,000.

TABLE 4 (Continued)

Political Affiliation	NUMBER OF SEATS WON							NUMBER OF CANDIDATES NOT FILING RETURNS						
	1949	1953	1957	1958	1962	1963	1965	1949	1953	1957	1958	1962	1963	1965
Liberal.....	14	5	4	—	—	—	—	—	1	1	2	1	—	1
Progressive Conservative.....	1	1	3	16	16	17	17	—	—	—	—	—	—	—
CCF—NDP.....	5	11	10	1	1	—	—	1	—	1	2	1	1	—
Social Credit.....	—	—	—	—	—	—	—	—	3	2	—	2	6	2
Labour Progressive.....	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Communist.....	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other Parties.....	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Independent.....	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total.....	20	17	17	17	17	17	17	1	4	4	4	4	7	3

TABLE 5: MANITOBA

Political Affiliation	TOTAL AMOUNTS DECLARED BY CANDIDATES OF EACH PARTY (in thousands of dollars, rounded to nearest thousand)							NUMBER OF CANDIDATES FILING RETURNS						
	1949	1953	1957	1958	1962	1963	1965	1949	1953	1957	1958	1962	1963	1965
Liberal.....	40	43	55	43	76	84	99	16	14	13	10	12	12	10
Progressive Conservative.....	42	35	54	78	114	77	105	15	14	13	14	14	13	12
CCF - NDP.....	18	11	16	20	33	17	32	14	10	13	13	14	11	14
Social Credit.....	—	5	7	1	15	14	4	—	6	11	4	12	11	7
Labour Progressive.....	5	5	1	1	—	—	—	2	6	1	1	—	—	—
Communist.....	—	—	—	—	3	—	—	—	—	—	—	2	—	—
Independent.....	2	*	*	—	—	*	*	2	2	1	—	—	1	1
Total.....	107	99	134	144	242	193	241	49	52	52	42	54	48	44

\*Less than \$1,000.

TABLE 5 (Continued)

Political Affiliation	NUMBER OF SEATS WON							NUMBER OF CANDIDATES NOT FILING RETURNS						
	1949	1953	1957	1958	1962	1963	1965	1949	1953	1957	1958	1962	1963	1965
Liberal.....	12	8	1	—	1	2	1	—	—	1	4	2	2	4
Progressive Conservative.....	1	3	8	14	11	10	10	—	—	1	—	—	1	2
CCF—NDP.....	3	3	5	—	2	2	3	—	—	1	1	—	2	—
Social Credit.....	—	—	—	—	—	—	—	—	2	3	2	1	2	4
Labour Progressive.....	—	—	—	—	—	—	—	—	1	—	—	—	—	—
Communist.....	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Independent.....	—	—	—	—	—	—	—	1	1	2	—	1	—	—
Total.....	16	14	14	14	14	14	14	1	4	8	7	4	7	10



TABLE 6: ONTARIO

Political Affiliation	TOTAL AMOUNTS DECLARED BY CANDIDATES OF EACH PARTY (in thousands of dollars, rounded to nearest thousand)						NUMBER OF CANDIDATES FILING RETURNS							
	1949	1953	1957	1958	1962	1963	1965	1949	1953	1957	1958	1962	1963	1965
Liberal.....	330	389	488	312	743	651	891	82	83	79	68	84	77	79
Progressive Conservative.....	311	359	470	500	657	481	717	82	81	85	84	76	74	71
CCF - NDP.....	72	56	75	73	159	138	245	70	57	52	51	68	60	66
Social Credit.....	*	6	14	5	31	31	9	1	9	30	10	46	45	11
Ralliement des Cr�ditistes.....	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Labour Progressive.....	13	16	1	3	—	—	—	5	27	2	5	—	—	—
Communist.....	—	—	—	—	4	2	4	—	—	—	—	4	3	3
Union of Electors.....	2	—	—	—	—	—	—	3	—	—	—	—	—	—
Other Parties (includes "Others").....	4	*	—	—	—	*	3	2	1	2	—	—	1	3
Independent.....	2	3	5	*	*	2	9	4	3	3	3	2	1	5
Other Independent.....	—	—	—	—	—	—	*	—	—	—	—	—	—	1
Total.....	735	829	1,053	894	1,594	1,304	1,879	249	261	253	221	280	261	239

\*Less than \$1,000.

TABLE 6 (Continued)

Political Affiliation	NUMBER OF SEATS WON							NUMBER OF CANDIDATES NOT FILING RETURNS						
	1949	1953	1957	1958	1962	1963	1965	1949	1953	1957	1958	1962	1963	1965
Liberal.....	56	51	21	15	44	52	51	1	2	6	17	1	8	6
Progressive Conservative.....	25	33	61	67	35	27	25	1	4	—	1	9	11	14
CCF — NDP.....	1	1	3	3	6	6	9	6	8	8	12	13	20	18
Social Credit.....	—	—	—	—	—	—	—	4	1	8	8	24	23	8
Ralliement des Cr�ditistes.....	—	—	—	—	—	—	—	—	—	—	1	1	—	1
Labour Progressive.....	—	—	—	—	—	—	—	2	2	—	1	1	—	—
Communist.....	—	—	—	—	—	—	—	—	—	—	—	1	1	—
Union of Electors.....	—	—	—	—	—	—	—	1	—	—	—	—	—	—
Other Parties (includes "Others").....	—	—	—	—	—	—	—	1	—	3	1	—	1	1
Independent.....	1	—	—	—	—	—	—	1	1	1	—	1	6	3
Other Independent.....	—	—	—	—	—	—	—	—	—	—	—	—	—	1
Total.....	83	85	85	85	85	85	85	17	18	26	40	50	70	52

TABLE 7: QUEBEC

Political Affiliation	TOTAL AMOUNTS DECLARED BY CANDIDATES OF EACH PARTY (in thousands of dollars, rounded to nearest thousand)							NUMBER OF CANDIDATES FILING RETURNS						
	1949	1953	1957	1958	1962	1963	1965	1949	1953	1957	1958	1962	1963	1965
Liberal.....	361	450	618	477	845	847	967	72	71	71	50	64	66	68
Progressive Conservative.....	255	239	336	747	779	314	375	41	46	52	70	53	46	47
CCF—NDP.....	3	2	3	6	26	36	45	9	10	11	11	26	31	29
Social Credit.....	—	—	—	1	96	82	—	—	—	—	3	40	44	—
Ralliement des Cr��ditistes.....	—	—	—	—	—	—	60	—	—	—	—	—	—	37
Labour Progressive.....	—	5	—	—	—	—	—	—	6	—	—	—	—	—
Communist.....	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Union of Electors.....	7	—	—	—	—	—	—	12	—	—	—	—	—	—
Other Parties (includes "Others").....	4	3	—	1	—	—	—	3	1	—	1	—	—	1
Independent.....	30	63	91	4	10	8	22	7	13	19	5	6	4	8
Other Independent.....	9	—	—	—	—	—	13	7	—	—	—	—	—	7
Total.....	669	763	1,049	1,236	1,755	1,287	1,482	151	147	153	140	189	191	197

TABLE 7 (Continued)

Political Affiliation	NUMBER OF SEATS WON							NUMBER OF CANDIDATES NOT FILING RETURNS						
	1949	1953	1957	1958	1962	1963	1965	1949	1953	1957	1958	1962	1963	1965
Liberal.....	66	66	63	25	35	47	56	1	4	4	25	11	9	7
Progressive Conservative.....	2	4	9	50	14	8	8	28	26	16	5	23	29	28
CCF—NDP.....	—	—	—	—	—	—	—	11	19	11	18	14	29	42
Social Credit.....	—	—	—	—	26	20	—	—	—	4	12	35	31	—
Ralliement des Cr�ditistes.....	—	—	—	—	—	—	9	—	—	—	—	—	—	38
Labour Progressive } Communist	—	—	—	—	—	—	—	1	19	3	2	—	—	—
Union of Electors.....	—	—	—	—	—	—	—	—	—	—	—	1	1	2
Other Parties (includes "Others").....	—	—	—	—	—	—	—	38	—	—	—	—	—	—
Independent.....	4	5	3	—	—	—	1	1	5	5	9	2	7	4
Other Independent.....	1	—	—	—	—	—	1	12	12	20	13	18	3	1
								11	—	—	—	—	—	9
Total.....	73	75	75	75	75	75	75	103	85	63	84	94	109	131



TABLE 8: NEW BRUNSWICK

Political Affiliation	TOTAL AMOUNTS DECLARED BY CANDIDATES OF EACH PARTY (in thousands of dollars, rounded to nearest thousand)						NUMBER OF CANDIDATES FILING RETURNS									
	1949	1953	1957	1958	1962	1963	1965	1949	1953	1957	1958	1962	1963	1965		
Liberal.....	24	35	30	26	51	37	40	8	10	9	8	9	8	6		
Progressive Conservative.....	24	29	33	46	62	35	46	9	9	9	10	9	9	6		
CCF—NDP.....	2	*	*	*	3	3	5	4	2	1	1	4	4	6		
Social Credit.....	—	—	*	*	1	4	—	—	—	2	2	3	5	—		
Ralliement des Cr�ditistes.....	—	—	—	—	—	—	—	—	—	—	—	—	—	—		
Union of Electors.....	*	—	—	—	—	—	—	1	—	—	—	—	—	—		
Independent.....	*	3	—	—	—	—	—	1	1	—	—	—	—	—		
Total.....	50	68	64	73	117	79	91	23	22	21	21	25	23	21		

\*Less than \$1,000.

TABLE 8 (Continued)

Political Affiliation	NUMBER OF SEATS WON							NUMBER OF CANDIDATES NOT FILING RETURNS						
	1949	1953	1957	1958	1962	1963	1965	1949	1953	1957	1958	1962	1963	1965
Liberal.....	7	7	5	3	6	6	6	2	—	1	2	1	2	4
Progressive Conservative.....	2	3	5	7	4	4	4	1	1	1	—	1	4	1
CCF—NDP.....	—	—	—	—	—	—	—	2	5	1	2	3	3	4
Social Credit.....	—	—	—	—	—	—	—	—	1	—	1	5	5	1
Ralliement des Cr�ditistes.....	—	—	—	—	—	—	—	—	—	—	—	—	—	1
Union of Electors.....	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Independent.....	1	—	—	—	—	—	—	1	—	1	—	1	—	—
Total.....	10	10	10	10	10	10	10	6	7	4	5	11	14	11

TABLE 9: NOVA SCOTIA

Political Affiliation	TOTAL AMOUNTS DECLARED BY CANDIDATES OF EACH PARTY (in thousands of dollars, rounded to nearest thousand)							NUMBER OF CANDIDATES FILING RETURNS						
	1949	1953	1957	1958	1962	1963	1965	1949	1953	1957	1958	1962	1963	1965
Liberal.....	17	35	42	16	29	35	46	12	11	8	5	7	6	6
Progressive Conservative.....	18	31	53	58	53	77	86	10	10	11	12	9	12	12
CCF — NDP.....	4	4	4	*	8	6	8	7	5	4	2	5	6	7
Social Credit.....	—	—	—	—	*	*	—	—	—	—	—	3	1	—
Labour Progressive.....	—	*	—	—	—	—	—	—	1	—	—	—	—	—
Communist.....	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Independent.....	—	—	—	—	—	—	*	—	—	—	—	—	—	1
Total.....	38	70	99	75	91	118	140	29	27	23	19	24	25	26

\*Less than \$1,000.

TABLE 9 (Continued)

Political Affiliation	NUMBER OF SEATS WON							NUMBER OF CANDIDATES NOT FILING RETURNS									
	1949	1953	1957	1958	1962	1963	1965	1949	1953	1957	1958	1962	1963	1965	1965	1965	1965
Liberal.....	10	10	2	—	2	5	2	1	1	4	7	5	6	6			
Progressive Conservative.....	2	1	10	12	9	7	10	3	2	1	—	3	—	—			
CCF—NDP.....	1	1	—	—	1	—	—	2	—	2	2	7	3	5			
Social Credit.....	—	—	—	—	—	—	—	—	—	1	—	4	1	—			
Labour Progressive.....	—	—	—	—	—	—	—	—	—	—	—	—	—	—			
Communist.....	—	—	—	—	—	—	—	—	—	—	—	—	—	—			
Independent.....	—	—	—	—	—	—	—	—	—	—	—	—	—	1			
Total.....	13	12	12	12	12	12	12	6	3	8	9	19	10	12			



TABLE 10: PRINCE EDWARD ISLAND

Political Affiliation	TOTAL AMOUNTS DECLARED BY CANDIDATES OF EACH PARTY (in thousands of dollars, rounded to nearest thousand)							NUMBER OF CANDIDATES FILING RETURNS						
	1949	1953	1957	1958	1962	1963	1965	1949	1953	1957	1958	1962	1963	1965
Liberal.....	6	15	5	6	—	13	19	4	4	2	2	—	2	2
Progressive Conservative.....	4	13	12	21	45	22	42	3	3	4	4	4	3	4
CCF—NDP.....	—	—	nil	—	5	nil	*	—	—	1	—	3	1	1
Social Credit.....	—	—	—	—	*	—	—	—	—	—	—	1	—	—
Total.....	10	28	17	27	50	35	61	7	7	7	6	8	6	7

\*Less than \$1,000.

TABLE 10 (Continued)

Political Affiliation	NUMBER OF SEATS WON							NUMBER OF CANDIDATES NOT FILING RETURNS						
	1949	1953	1957	1958	1962	1963	1965	1949	1953	1957	1958	1962	1963	1965
Liberal.....	3	3	—	—	—	2	—	—	—	2	2	4	2	2
Progressive Conservative.....	1	1	4	4	4	2	4	1	1	—	—	—	1	—
CCF — NDP.....	—	—	—	—	—	—	—	2	1	2	1	1	3	3
Social Credit.....	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total.....	4	4	4	4	4	4	4	3	2	4	3	5	6	5

TABLE 11: NEWFOUNDLAND

Political Affiliation	TOTAL AMOUNTS DECLARED BY CANDIDATES OF EACH PARTY (in thousands of dollars, rounded to nearest thousand)						NUMBER OF CANDIDATES FILING RETURNS							
	1949	1953	1957	1958	1962	1963	1965	1949	1953	1957	1958	1962	1963	1965
Liberal.....	21	33	48	44	81	88	104	7	7	7	6	7	7	7
Progressive Conservative.....	25	33	25	55	65	10	19	6	7	5	7	6	3	4
CCF - NDP.....	—	—	*	—	2	*	*	—	—	1	—	3	1	3
Social Credit.....	—	—	—	—	—	—	*	—	—	—	—	—	—	1
Independent.....	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other Independents.....	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total.....	46	66	73	99	148	99	124	13	14	13	13	16	11	15

\* Less than \$1,000.

TABLE 11 (Continued)

Political Affiliation	NUMBER OF SEATS WON							NUMBER OF CANDIDATES NOT FILING RETURNS						
	1949	1953	1957	1958	1962	1963	1965	1949	1953	1957	1958	1962	1963	1965
Liberal.....	5	7	5	5	6	7	7	—	—	—	1	—	—	—
Progressive Conservative.....	2	—	2	2	1	—	—	1	—	1	—	1	4	3
CCF—NDP.....	—	—	—	—	—	—	—	1	1	—	1	1	2	—
Social Credit.....	—	—	—	—	—	—	—	—	—	—	—	1	—	3
Independent.....	—	—	—	—	—	—	—	—	1	—	1	—	1	—
Other Independents.....	—	—	—	—	—	—	—	—	—	—	—	1	—	1
Total.....	7	7	7	7	7	7	7	2	2	1	3	4	7	7



TABLE 12: YUKON AND THE NORTHWEST TERRITORIES

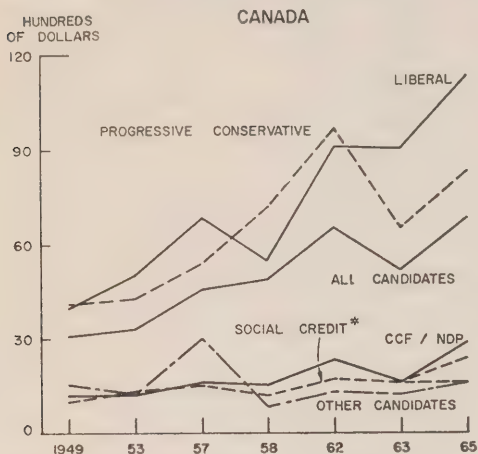
Political Affiliation	TOTAL AMOUNTS DECLARED BY CANDIDATES OF EACH PARTY (in thousands of dollars, rounded to nearest thousand)							NUMBER OF CANDIDATES FILING RETURNS						
	1949	1953	1957	1958	1962	1963	1965	1949	1953	1957	1958	1962	1963	1965
Liberal.....	8	10	13	10	7	16	30	1	2	2	1	1	2	2
Progressive Conservative.....	—	6	10	20	44	15	22	—	1	2	2	2	2	2
CCF — NDP.....	1	—	—	—	—	—	—	1	—	—	—	—	—	—
Social Credit.....	—	1	—	—	1	1	—	—	1	—	—	1	1	—
Independent.....	—	*	—	*	—	—	—	—	1	—	1	—	—	—
Total.....	9	17	23	31	53	32	52	2	5	4	4	4	5	4

\*Less than \$1,000.

TABLE 12 (Continued)

Political Affiliation	NUMBER OF SEATS WON							NUMBER OF CANDIDATES NOT FILING RETURNS						
	1949	1953	1957	1958	1962	1963	1965	1949	1953	1957	1958	1962	1963	1965
Liberal.....	1	2	2	1	1	—	1	—	—	—	1	1	—	—
Progressive Conservative.....	—	—	—	1	1	2	1	—	1	—	—	—	—	—
CCF — NDP.....	—	—	—	—	—	—	—	—	—	—	—	—	—	1
Social Credit.....	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Independent.....	—	—	—	—	—	—	—	1	—	—	—	—	—	—
Total.....	1	2	2	2	2	2	2	1	1	—	1	1	—	1

CHART 1  
DECLARED EXPENDITURES:  
AVERAGE PER REPORTING CANDIDATE BY PARTY



Note: National Summary of Seven Federal Elections 1949-1965.

\* (Includes Ralliement des Cr ditistes in 1965 represented by the lower line.)

CHART 2  
DECLARED EXPENDITURES:  
AVERAGE PER REPORTING CANDIDATE BY PARTY

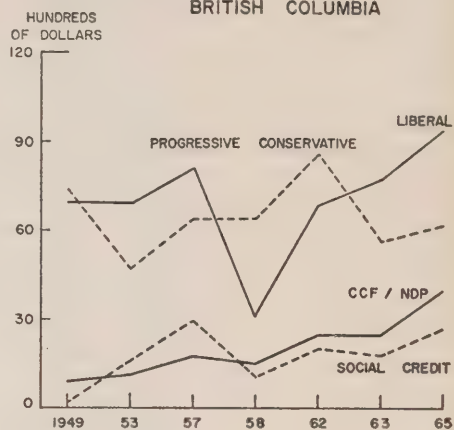


CHART 3  
DECLARED EXPENDITURES:  
AVERAGE PER REPORTING CANDIDATE BY PARTY

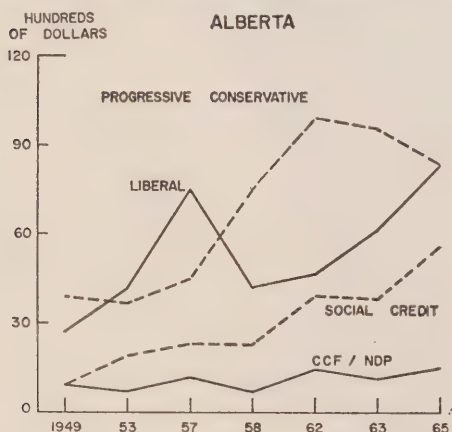
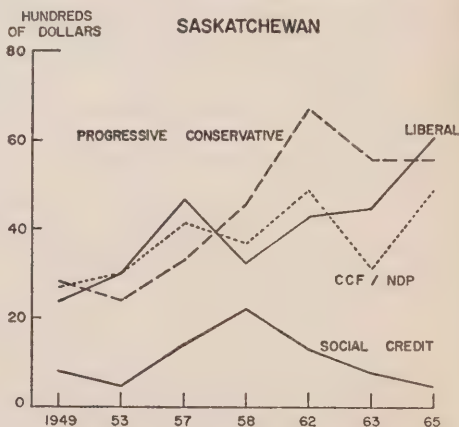


CHART 4  
DECLARED EXPENDITURES:  
AVERAGE PER REPORTING CANDIDATE BY PARTY



Source: Based on Information Found in *Sessional Papers* tabled February 15, 1950, January 13, 1954, August 12, 1958, November 26, 1959, November 27, 1962, September 26, 1963, March 18, 1966.

CHART 5

DECLARED EXPENDITURES:  
AVERAGE PER REPORTING CANDIDATE BY PARTY

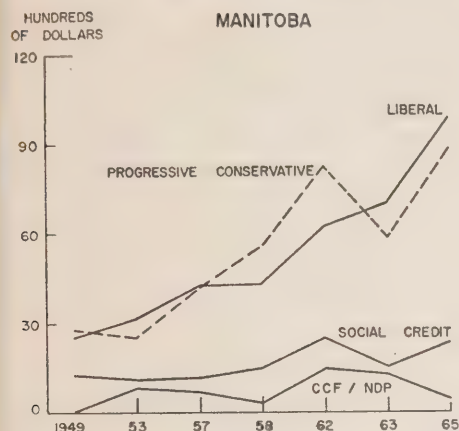


CHART 6

DECLARED EXPENDITURES:  
AVERAGE PER REPORTING CANDIDATE BY PARTY

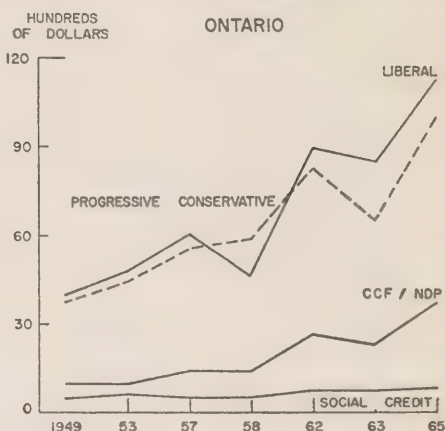


CHART 7

DECLARED EXPENDITURES:  
AVERAGE PER REPORTING CANDIDATE BY PARTY

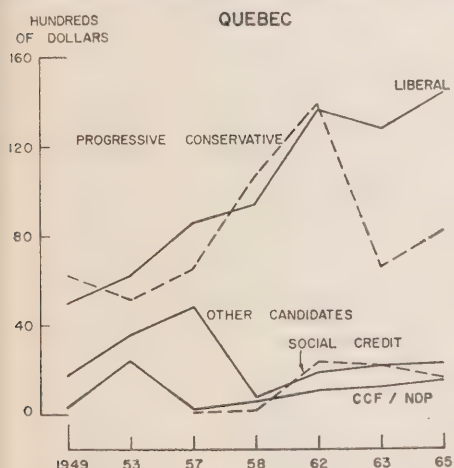
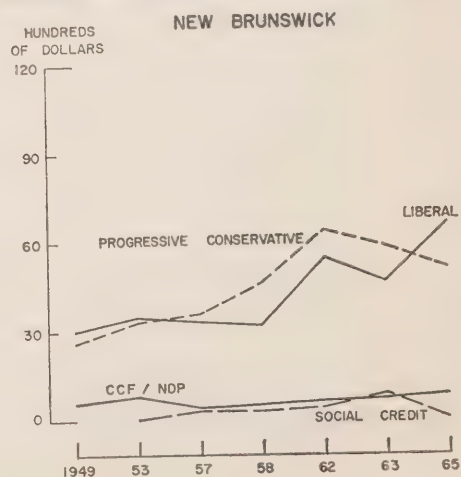


CHART 8

DECLARED EXPENDITURES:  
AVERAGE PER REPORTING CANDIDATE BY PARTY



N.B. (Social Credit includes the Ralliement des Cr ditistes for 1965.)



CHART 9

DECLARED EXPENDITURES:  
AVERAGE PER REPORTING CANDIDATE BY PARTY

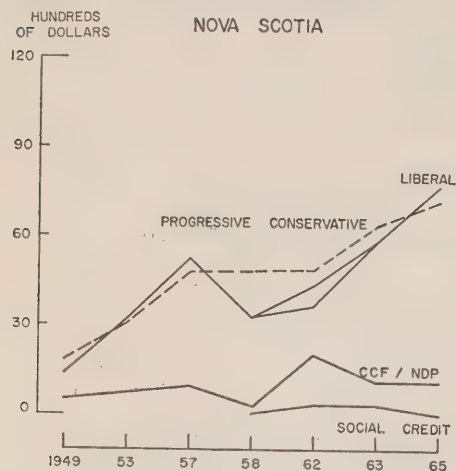


CHART 10

DECLARED EXPENDITURES:  
AVERAGE PER REPORTING CANDIDATE BY PARTY

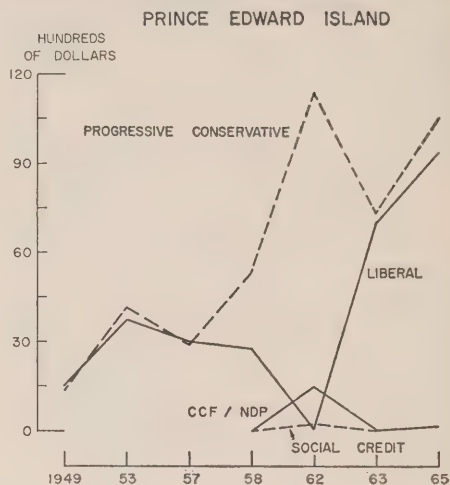


CHART 11

DECLARED EXPENDITURES:  
AVERAGE PER REPORTING CANDIDATE BY PARTY

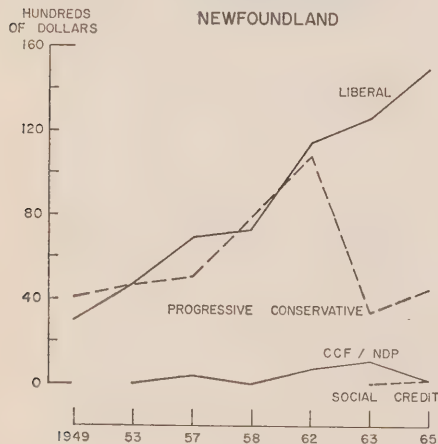
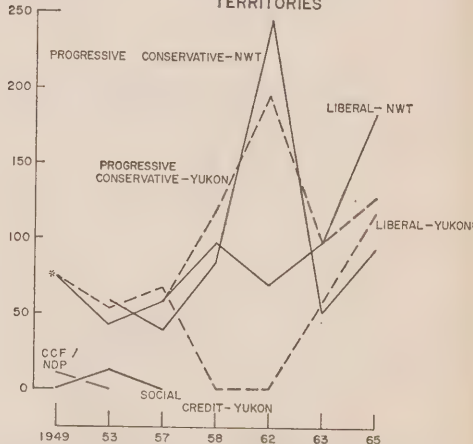


CHART 12

DECLARED EXPENDITURES:  
AVERAGE PER REPORTING CANDIDATE BY PARTY



\* One Constituency only in 1949—Yukon McKenzie River, subsequently divided into the Yukon and the Northwest Territories.

## APPENDIX 3

GENERAL ELECTION COSTS ASSUMED BY THE CHIEF  
ELECTORAL OFFICER 1930-1965

TABLE 1

GENERAL ELECTION COSTS ASSUMED BY THE FEDERAL GOVERNMENT:  
1930-65 (Election Years Only)†

Year	Number of Electors on List	Number of Votes Cast	Total Cost	Cost per Elector	Cost per Vote Cast
1930.....	5,153,971	3,922,481	\$2,127,893.60	\$ .4128	\$ .5424
1935.....	5,918,207	4,452,675	2,978,881.27	.5033	.6690
1940					
Civilian Vote.....	6,588,888	4,606,364	2,651,244.99	.4023	.5755
War Service Vote.....	—	66,167	51,758.95	—	.7820
Total.....	6,588,888	4,672,531	2,703,003.95	.4023	.5784
1945					
Civilian Vote.....	6,952,445	4,946,115	2,859,023.32	.4112	.5780
War Service Vote.....	—	359,078	251,480.55	—	.7003
Total.....	6,952,445	5,305,193	3,110,503.87	.4112	.5863
1949					
Civilian Vote.....	7,893,629	5,880,878	\$4,419,884	.5633	.7515
Defense Service Vote..	—	22,694	26,953	—	1.1877
Total.....	7,893,629	5,903,572	4,446,637	.5633	.7532
1953					
Civilian Vote.....	8,401,691	5,648,156	5,767,993	.6967	1.0212
Canadian Forces Vote	—	53,807	85,305	—	1.5850
Total.....	8,401,691	5,701,963	5,853,298	.6967	1.0265
1957.....	8,902,125	6,680,690	7,164,514	.8048	1.0725
1958.....	9,131,200	7,357,139	9,451,076	1.0353	1.1486
1962.....	9,700,325	7,772,656	10,898,486	1.1234	1.4021
1963.....	9,910,757	7,958,636	12,463,203	1.2575	1.5661
1965.....	10,274,904	7,796,728	12,974,456.35*	1.262**	1.6640

†Information supplied by the Office of the Chief Electoral Officer.

\*Statement of Actual Cost as at June 3, 1966.

\*\*Forecast of Cost per elector based on Actual Cost as at June 3, 1966.

TABLE 2

BREAKDOWN OF GENERAL ELECTION COSTS ASSUMED BY THE  
FEDERAL GOVERNMENT: FOUR ELECTIONS 1957-63\*

Category	1957	1958	1962	1963
Returning Officers' Services and Expenses.....	\$1,240,593	\$1,484,360	\$ 1,393,262	\$ 1,856,392
Printing.....	1,661,766	1,941,605	1,950,405	1,991,760
Enumeration.....	1,920,868	3,270,913	3,989,782	4,748,860
Polling Station Accounts.....	1,771,520	2,243,342	2,638,738	3,218,682
Preparatory Expenses.....	219,831	92,449	344,226	132,750
Sub-Total.....	\$6,814,578	\$9,032,669	\$10,316,413	\$11,948,444
Printing and Material.....	256,206	304,559	440,174	324,598
Canadian Forces Vote.....	74,060	93,004	85,898	131,172
Yukon.....	8,471	8,110	10,657	13,716
Northwest Territories.....	11,199	12,734	45,344	45,273
Total.....	\$7,164,514	\$9,451,076	\$10,898,486	\$12,463,203

\*Information supplied by the Office of the Chief Electoral Officer; taken from the *Public Accounts* up to fiscal year ending March 31, 1964.



TABLE 3  
COST BREAKDOWN BY ELECTORAL DISTRICT—1965 GENERAL ELECTION (AS AT JUNE 3, 1966)

Electoral Districts	Preliminary Duties		Returning Officers' Services and Expenses		Printing		Polling Stations		Enumeration		Totals	
	\$		\$		\$		\$		\$		\$	
Ontario												
Algoma East.....	755.10		4,893.89		5,036.72		10,785.00		11,367.04		32,837.75	
Algoma West.....	924.15		6,729.23		10,262.14		15,118.00		24,379.00		57,412.52	
Brantford.....	619.48		4,761.19		7,467.44		10,046.00		17,231.15		40,125.26	
Brant-Haldimand.....	482.00		4,871.92		7,850.23		10,198.00		14,729.88		38,132.03	
Bruce.....	257.50		2,676.16		3,876.71		6,996.00		7,230.39		21,036.76	
Carleton.....	1,656.02		11,375.09		21,062.96		28,442.00		48,724.31		111,260.38	
Cochrane.....	870.43		4,100.27		5,100.27		10,266.00		11,619.02		31,955.99	
Dufferin-Simcoe.....	396.68		3,358.60		6,133.72		8,613.00		10,562.58		29,064.58	
Durham.....	250.00		3,101.62		5,381.90		6,429.00		8,773.99		23,936.51	
Elgin.....	407.50		4,296.01		7,754.73		9,607.00		13,051.10		35,116.34	
Essex East.....	919.97		7,786.91		12,669.01		15,807.00		27,577.30		64,760.19	
Essex South.....	366.66		3,223.26		6,799.29		8,685.00		11,175.08		30,249.29	
Essex West.....	1,015.06		8,247.95		12,814.75		16,838.00		31,231.34		70,147.10	
Fort William.....	746.77		5,833.40		7,645.80		13,333.00		20,343.08		47,902.05	
Glenagarry-Prescott.....	381.96		4,369.93		5,679.05		9,040.00		10,407.60		29,878.54	
Grenville-Dundas.....	263.50		3,213.45		5,179.33		8,551.00		8,276.85		25,484.13	
Grey-Bruce.....	153.25		3,287.95		4,758.66		8,161.00		8,128.07		24,488.93	
Grey North.....	393.00		3,806.16		5,324.89		8,436.00		11,076.69		29,036.74	
Halton.....	1,222.57		9,351.28		15,358.96		20,312.00		35,998.23		82,243.04	
Hamilton East.....	608.78		5,301.02		8,342.34		10,045.00		18,992.50		43,289.64	
Hamilton South.....	1,104.00		9,256.45		16,438.94		18,262.00		36,177.42		81,238.81	
Hamilton West.....	636.00		6,649.37		9,890.80		11,841.00		19,096.80		48,113.97	
Hastings-Frontenac.....	425.00		4,248.89		5,614.72		11,302.00		11,292.22		32,882.83	
Hastings South.....	588.70		4,823.31		8,471.50		11,253.00		17,566.43		42,702.94	
Huron.....	378.14		3,818.60		5,740.24		9,430.00		10,534.43		29,901.41	
Kenora-Rainy River.....	568.11		8,932.53		8,297.67		15,540.00		20,231.28		53,569.59	
Kent.....	582.76		4,828.84		8,698.47		12,058.00		16,745.74		42,913.81	
Kingston.....	393.70		6,244.86		10,000.75		12,740.00		18,488.81		47,868.12	
Lambton-Kent.....	436.62		4,169.63		5,503.20		10,454.00		10,571.51		31,134.96	
Lambton West.....	553.26		5,336.26		9,810.32		10,650.00		18,052.82		44,402.66	

Lanark.....	473.24	3,553.58	5,278.75	8,326.00	11,833.41	29,464.98
Leeds.....	327.85	3,717.90	6,331.79	8,217.00	10,959.24	29,553.78
Lincoln.....	966.00	9,450.39	16,986.40	21,267.00	32,844.95	81,514.74
London.....	604.00	6,425.00	9,869.02	11,071.00	20,918.31	48,887.33
Middlesex East.....	903.00	8,173.66	14,643.19	15,847.00	29,343.30	68,910.15
Middlesex West.....	384.50	3,882.26	5,827.93	9,341.00	11,792.68	31,228.37
Niagara Falls.....	608.50	6,811.34	10,190.62	11,504.00	20,318.22	49,432.68
Nickel Belt.....	—	4,621.90	7,614.56	12,064.00	13,771.40	38,071.86
Nipissing.....	519.00	5,682.88	7,998.03	12,236.00	16,116.60	42,552.51
Norfolk.....	349.10	3,394.15	6,120.62	7,551.00	9,049.47	26,264.34
Northumberland.....	212.99	3,315.76	5,528.22	8,252.00	10,470.91	27,779.88
Ontario.....	1,083.52	9,289.09	17,748.62	20,418.00	33,932.02	82,471.25
Ottawa East.....	520.00	4,288.48	7,147.78	8,321.00	16,207.31	36,484.57
Ottawa West.....	725.27	5,469.48	8,710.85	11,425.10	21,236.40	47,567.10
Oxford.....	605.91	5,024.34	8,999.68	11,572.00	17,878.43	44,080.36
Parry Sound—Muskoka.....	479.00	5,444.22	7,173.03	13,962.00	13,586.53	40,644.78
Peel.....	1,128.67	10,709.32	18,548.20	21,272.00	34,179.38	85,837.57
Perth.....	546.86	4,232.80	7,654.49	10,784.00	14,592.32	37,810.47
Peterborough.....	671.08	5,707.18	9,492.04	12,114.00	20,179.48	48,163.78
Port Arthur.....	745.00	8,118.60	9,401.88	15,730.00	20,791.14	54,786.62
Prince Edward—Lennox.....	292.44	2,664.27	4,517.64	7,004.00	7,090.03	21,568.38
Renfrew North.....	391.00	3,752.61	5,910.98	7,627.00	11,893.57	29,575.16
Renfrew South.....	482.06	3,437.22	4,505.68	7,924.00	9,952.72	26,301.68
Russell.....	1,041.36	9,819.17	16,011.16	19,579.00	33,147.76	79,598.45
Simcoe East.....	443.57	4,436.15	7,227.52	9,686.00	13,723.33	35,516.57
Simcoe North.....	395.16	4,026.18	5,863.23	7,959.00	12,418.50	30,662.07
Stormont.....	454.50	4,260.78	6,651.41	9,491.00	14,795.60	35,653.29
Sudbury.....	420.75	4,855.34	8,352.73	10,241.00	19,956.97	43,826.79
Temiskaming.....	544.91	4,322.80	5,953.20	10,985.00	13,157.41	34,963.32
Timmins.....	493.46	3,805.67	5,830.86	8,210.00	13,389.74	31,729.73
Victoria.....	408.77	4,542.02	6,631.76	10,564.00	11,753.96	33,900.51
Waterloo North.....	995.98	9,510.09	16,875.07	17,750.00	33,330.42	78,461.56
Waterloo South.....	491.95	4,651.77	8,638.72	10,351.00	20,886.41	39,736.14
Wendland.....	623.60	5,988.76	11,293.79	13,406.00	20,886.41	52,198.56
Wellington—Huron.....	255.00	2,814.18	4,093.67	6,691.00	6,824.04	20,677.89
Wellington South.....	899.41	4,660.63	8,108.99	9,630.00	14,087.52	36,905.24
Wentworth.....	418.10	8,210.45	13,711.73	17,387.50	25,625.49	65,834.58
York Centre.....	2,130.67	16,752.33	28,111.47	35,231.00	67,205.60	149,431.07
York East.....	1,036.00	8,637.55	14,632.95	17,291.00	33,244.60	74,842.10
York—Humber.....	992.35	8,459.96	13,150.66	16,129.00	31,196.54	69,928.51
York North.....	931.90	7,870.35	13,327.59	17,133.00	29,213.82	68,476.66
York—Scarborough.....	2,415.34	23,769.82	41,975.06	45,912.00	86,884.22	200,956.44

TABLE 3 (Continued)

Electoral Districts	Preliminary Duties	Returning Officers' Services and Expenses	Printing		Polling Stations		Enumeration		Totals
			\$	\$	\$	\$	\$	\$	
York South.....	1,060.00	8,897.16	12,953.60		16,797.00		33,299.46		73,007.22
York West.....	1,772.00	15,874.45	27,225.53		29,486.00		59,369.58		133,727.56
<i>City of Toronto</i>									
Broadview.....	585.74	4,846.27	6,929.34		9,250.00		17,259.25		38,870.60
Danforth.....	920.00	7,395.61	12,046.18		14,926.00		28,610.69		63,898.48
Davenport.....	604.00	4,373.29	5,849.95		9,979.00		17,128.60		37,934.84
Eglinton.....	820.00	7,131.41	11,555.33		13,495.00		26,241.35		59,243.09
Greenwood.....	588.00	4,785.30	7,486.32		9,577.00		17,954.15		40,390.77
High Park.....	648.00	5,262.01	7,322.31		10,589.00		19,228.93		43,050.25
Parkdale.....	821.08	5,648.67	8,113.85		13,231.80		22,745.35		50,560.75
Rosedale.....	624.00	4,859.34	7,259.30		10,024.60		18,340.15		41,107.39
St. Paul's.....	716.00	5,764.85	8,524.21		11,836.40		21,103.00		47,944.46
Spadina.....	732.00	5,628.78	7,353.25		11,943.00		21,502.76		47,159.79
Trinity.....	359.47	4,336.25	5,819.87		8,045.00		14,625.85		33,186.44
Ontario Total.....	57,018.73	516,257.85	824,046.12		1,095,673.40		1,752,424.23		4,245,420.33
<i>Quebec</i>									
Argenteuil-Deux-Montagnes.....	642.66	5,097.82	9,100.32		12,854.00		16,210.61		43,905.41
Beauce.....	494.78	4,207.72	7,306.53		12,546.00		12,747.16		37,302.19
Beauharnois-Salaberry.....	700.48	5,971.80	9,656.66		13,083.00		21,226.59		50,638.53
Bellechasse.....	383.14	3,065.74	3,427.97		5,798.00		5,894.13		18,568.98
Berthier-Maskinongé-Delanaudière.....	361.27	4,217.53	6,213.75		8,542.00		10,216.18		29,550.73
Bonaventure.....	—	3,680.34	5,022.14		8,362.00		8,411.99		25,476.47
Brôme-Missisquoi.....	339.64	3,307.44	6,249.43		8,096.00		10,331.02		28,323.53
Chambly-Rouville.....	490.36	4,515.14	8,465.05		11,836.00		15,464.45		40,771.00
Champlain.....	503.24	4,588.64	8,028.92		10,363.00		14,587.25		38,071.05
Chapleau.....	683.27	7,255.10	8,623.17		15,268.00		16,549.76		48,379.30
Charlevoix.....	287.50	4,185.73	6,097.17		8,530.00		8,618.23		27,718.63
Châteauguay-Huntingdon-Laprairie.....	572.45	5,420.30	9,352.13		12,192.00		15,454.81		42,991.69

Chicoutimi.....	750.96	6,025.84	9,476.08	13,587.00	20,865.06	50,704.94
Compton-Frontenac.....	362.84	3,725.62	5,053.59	7,955.00	9,043.57	26,140.62
Dorchester.....	334.07	6,657.09	4,453.24	6,982.00	7,161.37	22,587.77
Drummond-Arthabaska.....	746.40	6,574.75	11,030.64	14,272.00	22,419.59	55,043.58
Gaspé.....	531.38	4,139.95	6,938.07	11,487.00	11,296.65	34,393.05
Gatineau.....	705.63	3,826.61	8,263.25	10,720.00	14,750.81	38,266.30
Hull.....	774.25	6,307.39	11,286.61	13,649.00	24,221.19	56,238.44
Îles-de-la-Madeleine.....	265.00	1,251.09	1,702.13	1,987.00	2,086.24	7,291.46
Joliette-L'Assomption-Montcalm.....	813.07	7,208.17	13,966.58	19,517.00	23,645.44	65,150.26
Kamouraska.....	183.40	2,020.00	4,276.97	7,293.00	7,185.52	20,938.89
Labelle.....	165.75	3,178.41	5,640.82	8,311.00	9,157.55	26,453.53
Lac-Saint-Jean.....	384.50	3,294.72	5,449.26	8,968.00	11,103.50	29,199.98
Lapointe.....	718.81	5,100.90	8,339.93	12,258.00	18,791.49	45,209.13
Lévis.....	457.93	4,214.40	6,997.71	8,478.00	14,410.00	34,558.04
Longueuil.....	1,106.61	9,884.14	16,868.96	19,436.00	35,162.49	82,458.20
Lotbinière.....	250.00	2,847.48	4,406.05	6,596.00	6,805.65	20,905.18
Matapédia-Matane.....	638.40	3,556.53	6,314.64	11,935.00	12,643.62	35,088.19
Mégantic.....	542.93	4,672.18	7,476.24	10,997.00	15,174.14	38,862.49
Montmagny-L'Islet.....	287.68	3,208.06	4,565.54	6,743.00	8,043.05	22,847.33
Nicolet-Yamaska.....	312.50	2,956.49	5,621.05	9,022.00	9,118.04	27,030.08
Pontiac-Témiscamingue.....	592.21	4,207.05	5,026.55	8,695.00	8,655.78	27,176.59
Portneuf.....	240.12	3,844.95	6,401.10	10,142.00	11,135.67	31,763.84
Quebec East.....	1,084.75	8,493.76	13,786.25	17,189.00	31,908.77	72,462.53
Quebec South.....	584.00	5,633.16	7,983.68	9,729.00	18,621.86	42,551.70
Quebec West.....	636.00	5,209.32	8,539.91	10,528.00	19,784.26	44,697.49
Quebec-Montmorency.....	1,393.82	12,858.78	21,515.21	27,500.00	42,200.18	105,467.99
Richelieu-Verchères.....	400.45	4,008.22	9,378.65	10,685.00	16,804.32	41,276.64
Richmond-Wolfé.....	575.00	4,937.57	6,460.75	10,416.00	13,259.82	35,649.14
Rimouski.....	323.10	5,159.50	8,522.74	12,251.00	15,343.60	41,599.94
Rivière-du-Loup-Témiscouata.....	507.65	4,211.07	6,433.62	10,160.00	11,862.07	33,174.41
Roberval.....	458.80	3,638.14	6,062.05	9,038.00	11,435.18	30,632.17
Saint-Hyacinthe-Bagot.....	698.43	5,072.29	8,920.79	11,040.00	16,481.04	42,212.55
Saint-Jean-Iberville-Napierville.....	—	4,981.83	8,557.11	10,636.00	16,280.54	40,981.98
Saint-Maurice-Lafleche.....	1,106.23	5,574.19	11,177.72	14,590.00	25,030.48	56,372.39
Saguenay.....	578.06	21,428.42	12,638.82	19,718.00	22,940.07	77,831.54
Shefford.....	1,032.59	6,373.42	9,163.69	11,699.00	16,669.95	44,484.12
Sherbrooke.....	382.50	6,934.66	11,135.50	15,170.00	26,931.04	61,203.79
Stanstead.....	1,041.58	4,068.94	6,114.83	8,168.00	11,211.42	29,945.69
Terrebonne.....	812.28	8,580.55	14,957.89	21,845.00	29,095.33	75,520.35
Trois-Rivières.....	284.02	6,151.00	13,017.64	13,675.00	23,797.16	54,453.08
Vaudreuil-Soulanges.....	826.31	2,759.03	5,778.86	7,424.00	7,963.43	24,209.34
Villeuveue.....	—	5,789.86	9,027.81	14,113.00	21,372.77	51,129.75



TABLE 3 (Continued)

Electoral Districts	Preliminary Duties	Returning Officers' Services and Expenses	Printing		Polling Stations		Enumeration		Totals
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<i>Island of Montreal and Ile Jesus</i>									
Cartier.....	448.00	4,597.82	5,266.15	7,419.00	13,063.60	30,794.57			
Dollard.....	1,216.00	9,556.82	15,362.65	20,535.00	36,760.81	83,431.28			
Hochelega.....	610.50	1,421.68	12,122.38	15,007.00	26,971.49	56,133.05			
Jacques-Cartier-Lasalle.....	1,608.60	14,129.87	26,386.68	29,547.00	53,343.31	125,015.46			
Lafontaine.....	612.00	5,177.21	7,819.87	9,973.00	18,303.80	41,885.88			
Laurier.....	—	1,821.50	6,741.10	7,256.00	13,303.68	29,122.28			
Laval.....	2,914.08	18,800.98	34,384.73	47,391.00	85,203.67	188,694.46			
Maisonneuve-Rosemont.....	1,244.17	10,364.51	15,210.62	21,359.75	38,053.95	86,233.00			
Mercier.....	2,136.11	17,443.45	34,854.67	38,754.00	72,250.65	165,438.88			
Mount Royal.....	1,136.17	10,191.75	18,649.96	20,425.40	37,984.60	88,387.88			
Notre-Dame-de-Grâce.....	884.00	7,741.95	14,577.60	15,459.30	29,645.41	68,308.26			
Outremont-Saint-Jean.....	684.00	5,385.98	8,599.66	8,988.00	20,527.17	44,184.81			
Papineau.....	912.00	7,335.23	11,836.98	15,452.00	27,728.92	63,265.13			
St. Ann.....	370.00	3,473.53	4,567.56	5,290.00	9,854.11	23,555.20			
Saint-Antoine-Westmount.....	544.00	4,877.20	9,021.47	9,430.00	17,895.07	41,767.74			
Saint-Denis.....	792.00	6,235.06	9,217.16	13,380.00	23,184.59	52,808.81			
Saint-Henri.....	768.00	7,121.15	9,670.44	12,816.00	23,080.18	53,455.77			
Saint-Jacques.....	162.50	5,708.51	6,986.16	9,138.00	16,066.30	38,061.47			
St. Lawrence-St. George.....	395.50	3,208.97	5,115.28	6,554.90	10,596.40	25,871.05			
Sainte-Marie.....	459.25	669.10	7,014.23	10,230.00	19,231.47	37,604.05			
Verdun.....	836.35	5,710.68	11,348.71	13,523.00	26,007.40	57,426.14			
Quebec Total.....	48,608.53	434,051.78	718,025.83	960,002.35	1,476,638.47	3,637,326.96			
<i>Nova Scotia</i>									
Antigonish-Guysborough.....	423.99	3,742.66	3,455.79	6,805.00	6,118.09	20,545.53			
Cape Breton North and Victoria.....	382.90	3,253.63	5,697.63	7,975.00	10,292.99	27,602.15			
Cape Breton South.....	847.34	6,158.79	9,908.94	15,218.00	24,789.67	56,922.74			
Colchester-Hants.....	403.50	4,216.70	7,197.39	10,796.00	12,652.85	35,266.44			
Cumberland.....	335.96	3,196.09	4,999.98	6,967.00	9,152.93	24,651.96			
Digby-Annapolis-Kings.....	362.63	4,687.96	8,777.15	11,460.00	11,187.61	36,475.35			

Halifax.....	618.45	17,510.95	28,119.80	36,536.00	57,576.99	140,362.19
Inverness-Richmond.....	506.50	3,814.71	4,211.27	8,544.00	8,528.23	25,604.71
Pictou.....	349.50	3,265.57	5,824.54	8,288.00	10,556.97	28,284.58
Queens-Lunenburg.....	372.50	3,739.89	6,625.20	10,044.00	10,778.21	31,559.80
Shelburne-Yarmouth-Clare.....	480.50	3,774.20	5,875.88	8,813.00	10,425.57	29,369.15
Nova Scotia Total.....	5,083.77	57,361.15	90,693.57	131,446.00	172,060.11	456,644.60
<i>New Brunswick</i>						
Charlotte.....	272.05	2,653.78	3,339.00	5,389.00	5,361.35	17,015.18
Gloucester.....	320.00	3,194.40	6,313.32	8,889.00	10,261.93	28,978.65
Kent.....	437.86	2,851.67	2,978.27	4,779.00	4,451.74	15,498.54
Northumberland-Miramichi.....	298.42	3,882.69	5,036.76	7,864.00	8,216.93	25,298.80
Restigouche-Madawaska.....	496.30	5,056.77	8,439.92	11,950.00	14,712.94	40,655.93
Royal.....	277.97	3,006.28	5,180.36	7,184.00	5,841.69	21,490.30
Saint John-Albert.....	948.85	8,274.38	13,004.34	16,797.00	26,774.90	65,799.47
Victoria-Carleton.....	285.17	3,214.19	4,568.27	6,778.00	5,567.04	20,412.67
Westmorland.....	263.75	6,988.53	11,438.86	14,434.00	21,077.71	54,202.85
York-Sunbury.....	568.86	4,880.41	9,118.14	12,540.00	15,968.67	43,076.08
New Brunswick Total.....	4,169.23	44,003.10	69,417.24	96,604.00	118,234.90	332,428.47
<i>Newfoundland</i>						
Bonavista-Willingate.....	685.82	4,579.03	5,270.02	11,428.00	11,324.28	33,287.15
Burin-Burgeo.....	726.05	4,916.17	5,276.77	12,080.00	11,318.63	34,317.62
Grand Falls-White Bay-Labrador.....	873.06	12,552.49	9,525.49	19,127.00	21,301.14	63,379.18
Humber-St. George's.....	748.82	5,132.05	7,445.14	12,656.00	17,076.09	43,058.10
St. John's East.....	589.80	5,223.48	8,905.89	11,577.00	18,287.58	44,583.75
St. John's West.....	575.59	5,065.24	7,546.07	12,698.00	16,787.80	42,672.70
Trinity-Conception.....	753.54	4,435.23	6,927.89	13,344.00	13,287.98	38,748.64
Newfoundland Total.....	4,952.68	41,903.69	50,897.27	92,910.00	109,383.50	300,047.14
<i>Prince Edward Island</i>						
Kings.....	312.02	2,305.30	2,556.61	4,021.00	3,831.03	13,025.96
Prince.....	355.60	3,133.68	4,649.55	6,589.00	7,699.59	22,427.42
Queens.....	305.00	3,428.27	6,179.82	8,702.00	10,025.23	28,640.32
Prince Edward Island Total.....	972.62	8,867.25	13,385.98	19,312.00	21,555.85	64,093.70

TABLE 3 (Continued)

Electoral Districts	Preliminary Duties			Returning Officers' Services and Expenses			Printing			Polling Stations			Enumeration			Totals		
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<i>Manitoba</i>																		
Brandon-Souris.....	304.34			5,041.87			8,794.11			12,064.00			15,552.87			41,757.19		
Churchill.....	129.75			4,097.23			6,185.00			9,429.00			9,291.63			29,132.61		
Dauphin.....	369.05			3,642.33			5,400.58			9,157.00			10,602.94			29,171.90		
Lisgar.....	262.50			4,065.25			5,549.55			10,058.00			7,996.93			27,932.23		
Marquette.....	466.85			4,224.29			5,714.15			9,911.00			10,199.20			30,515.49		
Portage-Neepawa.....	353.50			4,856.71			8,172.12			11,362.00			12,480.94			37,225.27		
Provencher.....	308.18			3,021.51			4,817.48			6,654.00			6,152.79			20,953.96		
St. Boniface.....	992.13			6,959.06			11,546.06			17,158.00			26,005.53			62,660.78		
Selkirk.....	391.55			4,069.74			6,401.21			11,453.00			10,397.71			32,713.21		
Springfield.....	472.47			3,819.65			6,526.11			9,686.00			10,369.53			30,873.76		
Winnipeg North.....	932.00			8,831.60			15,953.92			16,329.00			31,920.20			73,966.72		
Winnipeg North Centre.....	749.75			5,740.70			9,866.65			12,488.00			22,866.45			51,711.55		
Winnipeg South.....	1,096.46			9,356.82			16,340.86			18,283.00			35,063.75			80,140.89		
Winnipeg South Centre.....	749.40			7,463.03			12,046.93			12,297.00			24,921.80			57,478.16		
Manitoba Total.....	7,577.93			75,189.79			123,314.73			166,329.00			233,822.27			606,233.72		
<i>British Columbia</i>																		
Burnaby-Coquitlam.....	875.99			7,415.34			13,058.66			14,688.00			28,760.31			64,798.30		
Burnaby-Richmond.....	784.75			7,932.22			12,729.05			13,706.00			27,008.20			62,160.22		
Cariboo.....	612.63			10,608.90			10,454.22			18,427.00			19,922.66			60,025.41		
Coast-Capilano.....	1,212.21			10,875.13			15,943.76			20,745.00			35,910.21			84,686.31		
Comox-Alberni.....	627.47			7,196.80			9,112.44			15,695.00			16,719.65			49,351.36		
Esquimalt-Saanich.....	698.36			6,630.35			11,459.16			12,360.00			21,157.05			52,304.92		
Fraser Valley.....	581.03			6,182.73			10,343.91			14,315.00			15,321.85			46,744.52		
Kamloops.....	862.00			7,125.06			9,439.01			16,083.00			18,444.32			51,953.39		
Kootenay East.....	538.92			5,068.01			5,272.35			9,303.00			9,493.91			29,676.19		
Kootenay West.....	455.11			6,221.21			7,659.43			12,454.00			15,838.05			42,627.80		
Nanaimo-Cowichan-The Islands.....	471.10			3,987.20			8,196.76			10,723.00			13,318.33			36,696.39		
New Westminster.....	1,185.87			10,944.10			19,266.54			22,165.83			37,127.65			90,689.99		
Okanagan Boundary.....	768.61			5,699.06			8,893.95			12,786.00			17,966.54			46,114.16		

Okanagan-Revelstoke.....	358.55	3,130.51	4,866.17	6,642.00	8,452.16	23,449.39
Skeena.....	585.25	7,992.12	6,967.97	13,841.00	15,637.56	45,023.90
Vancouver-Burrard.....	437.25	1,284.09	9,460.33	10,583.00	20,677.20	42,441.87
Vancouver Centre.....	556.00	5,331.70	7,914.30	9,546.00	18,108.95	41,456.95
Vancouver East.....	376.75	5,190.56	7,574.89	9,363.00	17,384.45	39,889.65
Vancouver-Kingsway.....	612.35	5,616.73	9,210.76	10,095.00	19,943.40	45,478.24
Vancouver Quadra.....	712.00	7,842.40	8,879.52	11,291.31	22,088.85	50,814.08
Vancouver South.....	912.00	8,160.66	13,044.06	15,531.00	29,317.29	66,965.01
Victoria.....	1,162.54	8,982.77	12,890.11	18,324.00	33,352.90	74,712.32

British Columbia Total.....	15,386.74	149,417.65	222,637.35	298,667.14	461,951.49	1,148,060.37
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<i>Saskatchewan</i>						
Assiniboia.....	752.85	7,490.66	5,514.08	17,061.00	17,182.76	48,001.35
Humboldt-Melfort-Tisdale.....	412.50	3,916.14	5,521.27	11,022.00	11,123.72	31,995.63
Kindersley.....	827.65	5,755.36	5,542.50	14,188.00	13,682.02	39,995.53
Mackenzie.....	571.26	5,004.01	4,927.32	11,930.00	11,668.34	34,100.93
Meadow Lake.....	770.63	5,787.98	4,117.98	9,892.00	9,268.42	29,837.01
Melville.....	192.00	—	5,161.49	11,241.00	11,074.59	27,669.08
Moose Jaw-Lake Centre.....	785.30	7,262.12	12,129.38	15,658.00	24,334.77	60,169.57
Moose Mountain.....	741.41	4,991.07	5,242.52	12,323.00	12,934.46	36,232.46
Prince Albert.....	811.26	6,189.34	7,363.39	14,529.00	16,719.75	45,612.74
Qu'Appelle.....	837.65	4,466.36	4,711.49	11,139.00	10,713.33	31,867.83
Regina.....	567.87	6,633.00	11,206.56	13,474.00	26,267.07	58,148.50
Rosetown-Biggar.....	700.20	6,186.37	5,706.66	17,127.00	15,139.96	44,860.19
Rosthern.....	673.27	5,962.79	5,592.93	13,188.00	13,301.27	38,718.26
Saskatoon.....	55.00	8,310.29	14,053.40	14,861.00	28,451.76	65,731.45
Swift Current-Maple Creek.....	740.59	6,506.55	7,260.91	16,536.00	17,978.69	49,022.74
The Battlefords.....	691.79	5,101.94	6,307.28	13,563.00	15,540.54	41,204.55
Yorkton.....	608.72	4,752.52	6,317.84	12,028.00	13,583.68	37,290.76

Saskatchewan Total.....	10,739.95	94,316.50	116,677.00	229,760.00	268,965.13	720,458.58
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<i>Alberta</i>						
Acadia.....	479.23	3,941.42	5,454.98	11,376.00	11,808.32	33,059.95
Athabasca.....	955.05	6,737.10	6,517.58	16,441.00	15,706.88	46,357.61
Battle River-Camrose.....	648.14	5,333.36	7,169.16	13,798.00	15,569.69	42,518.35
Bow River.....	798.76	5,943.76	7,721.15	13,709.00	15,745.18	43,917.85
Calgary North.....	1,155.00	10,431.17	17,908.39	19,884.00	38,604.84	87,983.40
Calgary South.....	1,111.30	10,574.42	17,279.98	18,979.00	36,462.60	84,407.30



TABLE 3 (Concluded)

Electoral Districts	Preliminary Duties	Returning Officers' Services and Expenses			Printing		Polling Stations		Enumeration		Totals
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Edmonton East.....	704.00	6,679.91	10,714.81	12,186.00	23,268.24	53,552.96					
Edmonton-Strathcona.....	1,217.06	9,353.80	15,417.30	21,882.00	37,200.66	85,070.82					
Edmonton West.....	1,250.76	10,818.87	19,809.69	21,537.00	41,748.33	95,164.65					
Jasper-Edson.....	431.87	4,584.50	7,995.25	16,164.00	15,859.40	45,035.02					
Lehighbridge.....	546.56	4,655.95	7,804.53	10,424.00	15,398.72	38,829.76					
Macleod.....	839.61	5,008.48	5,728.51	13,951.00	13,375.42	38,903.02					
Medicine Hat.....	796.13	6,540.17	7,823.15	13,530.00	17,110.74	45,800.19					
Peace River.....	1,387.24	7,897.10	8,910.02	18,574.00	19,827.14	56,595.50					
Red Deer.....	622.29	5,151.09	8,042.89	13,035.00	15,585.37	42,436.64					
Vegreville.....	650.39	4,196.22	5,217.43	11,765.00	10,537.14	32,366.18					
Wetaskiwin.....	—	3,342.43	5,627.84	12,021.00	13,246.84	34,238.11					
Alberta Total.....	13,593.59	111,189.75	165,142.66	259,256.00	357,055.51	906,237.31					
Yukon.....	300.00	4,070.73	1,840.13	4,042.00	4,034.43	14,287.29					
Northwest Territories.....	415.00	42,388.51	3,064.05	6,807.00	6,256.15	58,930.71					

TABLE 4

## COST PER PROVINCE

Electoral Districts	Preliminary Duties	Returning Officers' Services and Expenses	Printing	Polling Stations	Enumeration	Totals
	\$	\$	\$	\$	\$	\$
Ontario.....	57,018.73	516,257.85	824,046.12	1,095,673.40	1,752,424.23	4,245,420.33
Quebec.....	48,608.53	434,051.78	718,025.83	960,002.35	1,476,638.47	3,637,326.96
Nova Scotia.....	5,083.77	57,361.15	90,693.57	131,446.00	172,060.11	436,644.60
New Brunswick.....	4,169.23	44,003.10	69,417.24	96,604.00	118,234.90	332,428.47
Newfoundland.....	4,952.68	41,903.69	50,897.27	92,910.00	109,383.50	300,047.14
Prince Edward Island.....	972.62	8,867.25	13,385.98	19,312.00	21,555.85	64,093.70
Manitoba.....	7,577.93	75,189.79	123,314.73	166,329.00	233,822.27	606,233.72
British Columbia.....	15,386.74	149,417.65	222,637.35	298,667.14	461,951.49	1,148,060.37
Saskatchewan.....	10,739.95	94,316.50	116,677.00	229,760.00	268,965.13	720,458.58
Alberta.....	13,593.39	111,189.75	165,142.66	259,256.00	357,035.51	906,237.31
Yukon.....	300.00	4,070.73	1,840.13	4,042.00	4,034.43	14,287.29
Northwest Territories.....	415.00	42,388.51	3,064.05	6,807.00	6,256.15	58,930.71
	168,818.57	1,579,017.75	2,399,141.93	3,360,808.89	4,982,382.04	12,490,169.18
Canadian Armed Forces Vote.....						89,499.76
						12,579,668.94
<i>Headquarters Expenditures</i>						
Election Material.....						317,808.45
C.N. Telegrams.....						6,532.46
C.N. Express.....						5,966.11
C.P. Telegrams.....						4,621.13
C.P. Express.....						613.21
Telephone (long distance).....						9,521.85
Post Office (registrations).....						6,724.20
						351,787.41
Forecast of Outstanding accounts.....						43,000.00
						12,974,456.35

Total Number of Electors: 10,274,904.

Forecast of Cost per elector: \$12,974,456.35 divided by 10,274,904 electors = \$1.262.

(Supplied by the Office of the Chief Electoral Officer.)



## SELECTED BIBLIOGRAPHY

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